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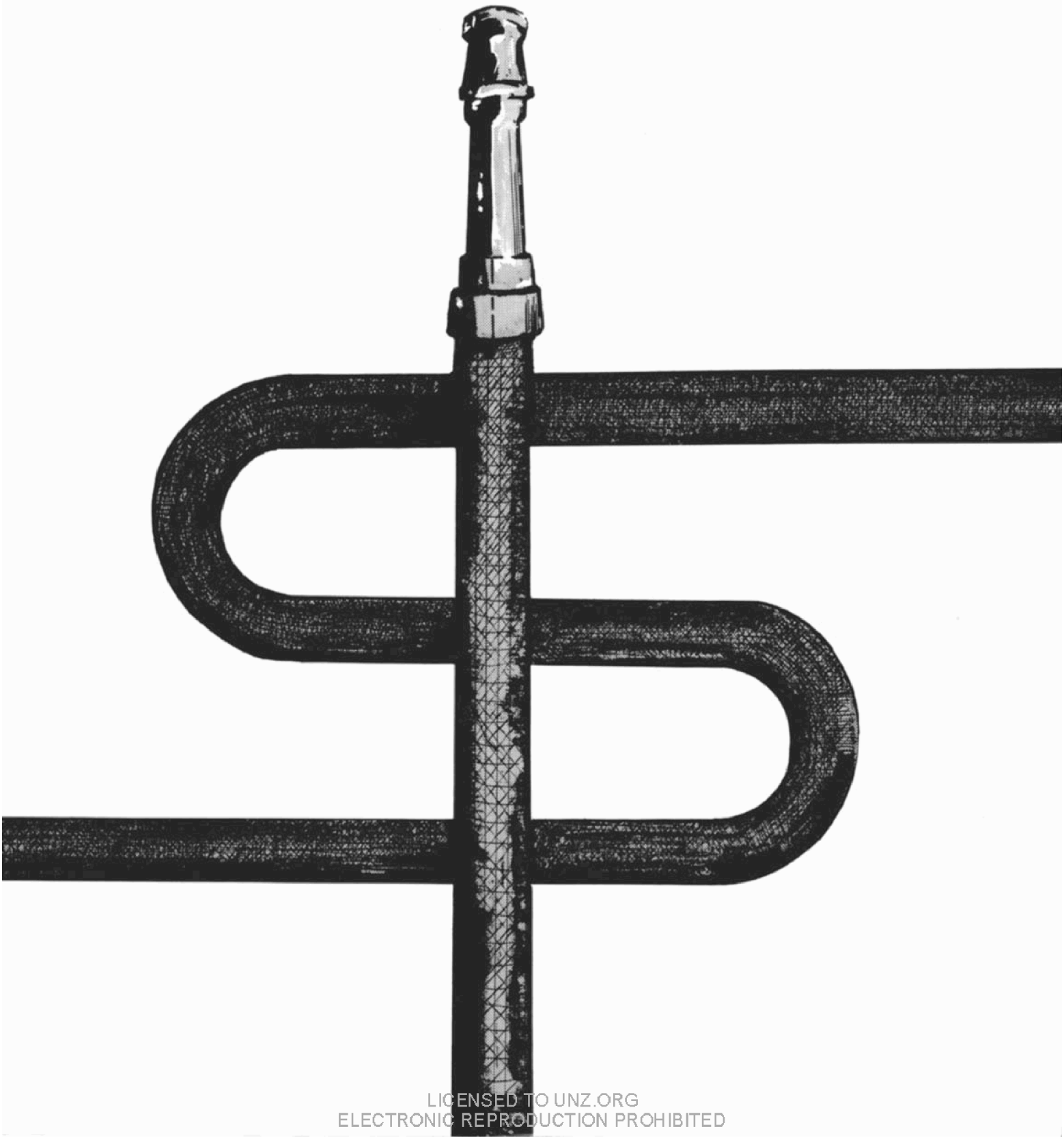

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is sponsoring a two-week, instructional seminar in Austrian economics, to be held at the University of Delaware on June 7-19, 1976, under the direction of Professor Burton A. Abrams. This seminar offers a general, but intensive, introduction to the economic theory and the leading economists of the Austrian School, including Menger and Böhm-Bawerk and later theorists such as Mises, Hayek, and Lachmann.

Program

On Monday through Saturday of each week, lectures with discussion periods will be presented during the mornings by the two seminar leaders:

Professor Laurence S. Moss
University of Virginia

Professor Gerald P. O'Driscoll, Jr.
Iowa State University

In addition, guest lecturers will speak on one or two evenings each week. Otherwise, afternoons and evenings will be available for special sessions, consultations, and study.

The Institute will provide a list of recommended readings and the seminar schedule to all participants several weeks before the seminar begins. On arrival, each participant will also receive a syllabus containing assigned readings related to the topics covered in the lectures:

Value and Price
Capital and Interest
Money and Inflation
Business Cycles
The Market Process

All instructional material and library facilities will be provided gratis.

The seminar begins with a welcoming reception and banquet on Sunday evening, June 6, and concludes with luncheon on Saturday, June 19.

Facilities

The University of Delaware was founded in 1833. The campus is located in the town of Newark, twelve miles southwest of Wilmington and midway between Philadelphia and Baltimore.

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Participation

Attendance is by invitation only and will be limited to approximately thirty-five participants. Persons interested in attending should send a letter of application and an application fee of ten dollars to:

K. S. Templeton, Jr., Secretary
Institute for Humane Studies
1177 University Drive
Menlo Park, California 94025

This letter should indicate the applicant's reasons for wishing to attend and the benefits he expects to gain from the seminar. Please enclose an up-to-date résumé and, if still studying for a degree, also include copies of undergraduate and graduate transcripts.

Priority in issuing invitations will be given to graduate students and advanced undergraduates who have had little or no acquaintance with Austrian economics. Only persons who are able to attend for the entire two weeks should apply. If an applicant is not accepted, the Institute will refund the application fee.

The seminar fee is $300, and room and board, $200. Full-cost fellowships covering these costs are available through the Institute or other sponsors. Those residing more than a day's drive from the University may also apply for travel assistance, in case of need. Spouses who are not participants cannot be accommodated on the campus or included in the seminar sessions.

reason

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EDITORIAL

WHY SHOULDN'T LAWYERS ADVERTISE?

Bar association rules restricting advertising by lawyers are under attack, and pressure is mounting for their reform. Lawsuits are pending in state and federal courts challenging the anti-advertising rules as unconstitutional, or in violation of federal antitrust laws. At its midyear meeting in February, the American Bar Association approved an amendment to its Code of Professional Responsibility which would slightly relax the strict prohibition on advertising by lawyers. The amendment, which must now be approved by state and local bar associations, would allow lawyers to advertise their consultation fees and other information in the Yellow Pages of telephone directories—although most telephone companies ban any mention of prices in Yellow Pages ads.

The legal advertising issue is controversial and emotional for many lawyers. The ABA has recognized that the attention devoted to the advertising issue and related questions involving the "etiquette of law practice" by the ABA Committee on Professional Ethics has led "many lawyers to assume that this is the exclusive field of interest of the Committee and that it is not concerned with the more serious questions of professional standards and obligations."

Underlying the significance of the anti-advertising rules is the coercive power of the state to regulate the legal profession and to prohibit the practice of law by individuals who are not licensed by the state. Nonlawyers may be prosecuted for offering services which constitute the practice of law—even if the services are competently performed—and lawyers who violate the restrictions against advertising may be suspended or disbarred.

A disciplinary proceeding now pending before the State Bar of California illustrates the far-reaching scope of the anti-advertising rules. A local State Bar committee has held that two young attorneys with a flourishing three-year-old practice, Leonard Jacoby and Stephen Meyers, have violated professional conduct rules by using the name "*Legal Clinic* of Jacoby & Meyers" and by giving interviews to newspaper reporters concerning the "legal clinic" approach to providing law services for low-and middle-income clients. In a 2-1 decision the State Bar committee found that the conduct of Jacoby and Meyers "was intended by them to publicize a belief they honestly hold that there is an unmet demand by low-and middle-income persons" for legal services at a reasonable cost, but recommended that the two lawyers be suspended from practice for 45 days because they also were motivated by an intention to generate business for their law firm, and it was "unethical" for them to discuss such details as price with the press. The decision is subject to review by the State Bar and, ultimately, by the courts.

There is a basic inconsistency in the anti-advertising rule and the recognition by the ABA's Code of Professional Responsibility of the legal profession's obligation "to educate laymen to recognise their legal problems, to facilitate the process of intelligent selection of lawyers, and to assist in making legal services fully available."

In an editorial in REASON's October 1974 issue, we argued against compulsory licensing requirements for lawyers and explained the desirability of a system of *certification,* which could be handled by private, voluntary associations, such as professional or consumer organizations. Anyone interested in minimizing the cost and increasing the availability of legal services ought to be familiar with the economic arguments against licensing, with its tendency to inhibit the development and use of new techniques and skills.

Although most lawyers actually believe that licensing is needed as a means to assure minimum standards, the anti-advertising rules, on their face, appear to be aimed against competition, rather than "maintaining the highest standards of ethical conduct" as called for by the ABA Code of Professional Responsibility. Indeed, it is instructive to explore the history of the anti-advertising rules inasmuch as they appear to be so blatantly unrelated to fundamental ethical principles.

The origin of the ban on advertising stems from the intimate fraternity of the early English barristers, a select group of well-to-do young men who lived together and met each other every day, on a friendly basis, both at dinner and in court. As observed by Harry Drinker in his leading book on *Legal Ethics*, not having to earn their keep, "they looked down on all forms of trade . . . and regarded the law . . . as primarily a form of public service in which the gaining of a livelihood was but an incident." In England today, the rules of ethics and etiquette maintain a rigid ban on advertising by the bar.

The first major work on the subject in the United States, Judge George Sharswood's *Professional Ethics*, published in 1854, made no mention of advertising, and for many years, it was customary for attorneys to advertise in local newspapers, on a limited basis. Early state codes of ethics considered certain newspaper advertisements to be proper, and even the ABA Canons of Professional Ethics, first adopted in 1908, recognized the propriety of the publication of business cards as "a matter of personal taste or local custom." However, because of opposition to "commercialization" of the profession, the 1908 ABA Canons did condemn solicitation of business by advertisements, and a 1937 amendment prohibited, for the first time, all types of newspaper advertising.

The 1908 Canons, as amended, were superseded by the ABA's adoption of the Code of Professional Responsibility in 1969. The Preamble to the new Code expressly recognizes the value of individual rights and the existence of a free society, "grounded in respect for the dignity of the individual and his capacity through reason for enlightened self-government." Unfortunately, despite this lofty rhetoric, the ABA missed its opportunity for reform of the advertising prohibition, which is grounded on vastly different premises. Based on the assertion that the ban on advertising by lawyers "is rooted in the public interest," since competitive advertising could be misleading and "would inevitably produce unrealistic expectations," the 1969 Code carried over the anti-advertising rules of the earlier Canons.

In his insightful recent book, *Lawyers' Ethics in an Adversary System,* Monroe Freedman concludes that "the principal purpose of the antisolicitation rules is to limit competition among lawyers." Although many lawyers oppose any relaxation of the ban on advertising, it is patently insufficient to attempt to justify these anticompetitive rules on vague notions of the "public interest" and unsubstantiated prejudices against advertising. Economists have shown that statutory constraints on the commercial flow of information to consumers decrease competition and tend to result in significantly higher prices and lower utilization. Even the Consumers Union, a group which commonly favors paternalistic regulation of the marketplace, has taken a strong role in the battle against the anti-advertising rules.

If they are to be meaningful, professional codes of ethics should focus on conduct which actually harms the client or the public, rather than benefiting existing practitioners. But the ban on advertising did not originate from such considerations.

Anticompetitive rules of ethics not only constitute bad policy but, in the light of First Amendment guarantees of free speech, should be stricken down as unconstitutional infringements of the basic right of the lawyer to provide information and the corresponding right of the consumer to receive information without government obstruction.

It is folly to expect that government-enforced restrictions on all types of advertising by lawyers can benefit the public generally—nor do such lawyer-supported rules commend the profession to the public. It seems clear that the more information that can be made available to the public about legal services, the better off the consumer will be.

—MANUEL S. KLAUSNER

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by Ted Nicholas

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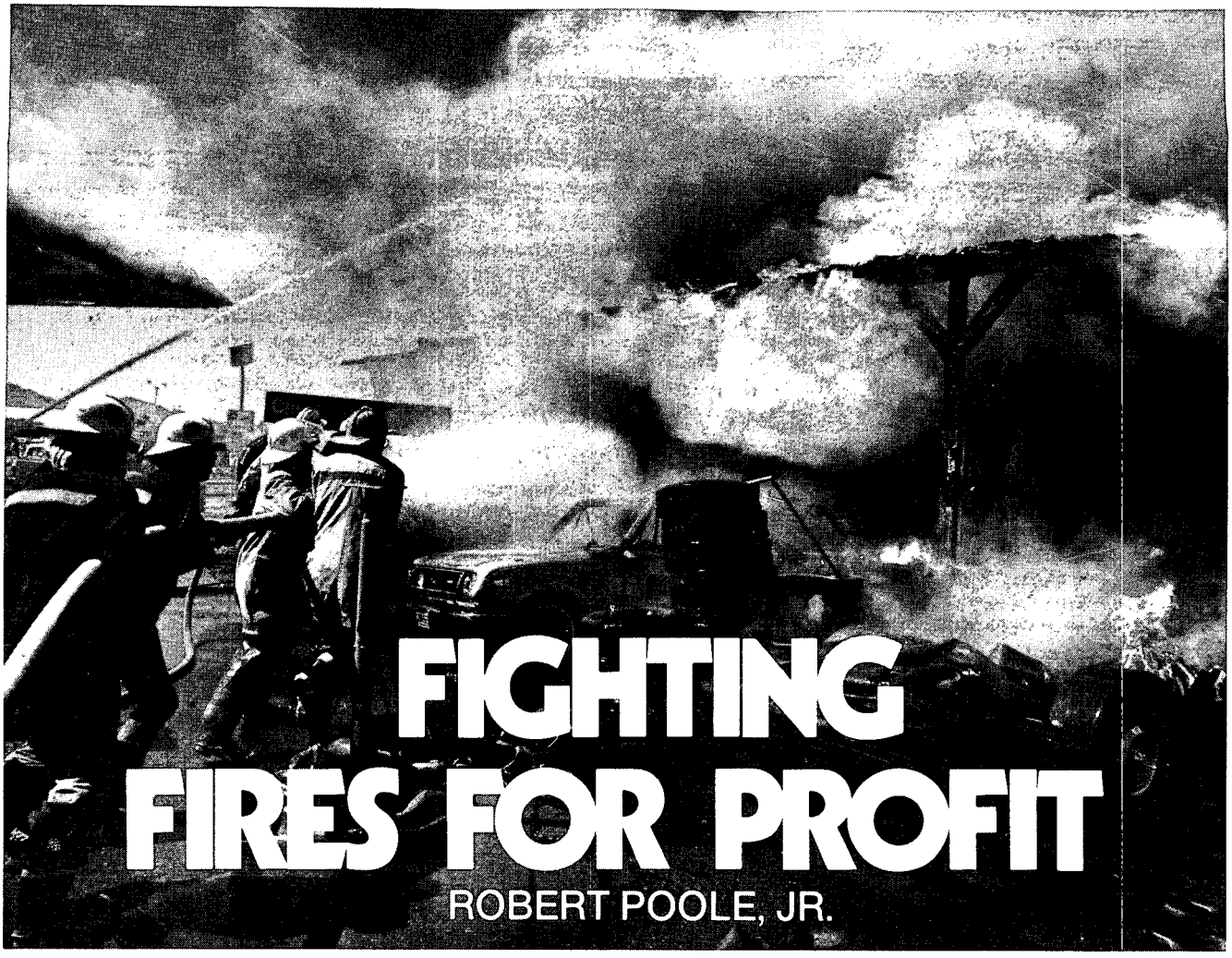


FIGHTING FIRES FOR PROFIT

ROBERT POOLE, JR.

It was 2:57 P.M. in Scottsdale, Arizona last June 26, outside temperature 102°, when Chief Witzeman stuck his head in the door and said, "I think we've got a big one, if you'd like to go along!" In seconds we were on our way from Fire Station No. 1 to the scene of Scottsdale's first major fire of 1975—a Shell gas station on the corner of Camelback and Scottsdale Roads. Gasoline from a leaking Ford gas tank had been ignited by a mechanic's trouble light and exploded, resulting in a roaring blaze that was already shooting flames out the roof and sending forth a plume of black smoke that could be seen for miles. By the time we arrived in the chief's car, we could feel the intense heat out on the street through the car's closed windows.

Already on the scene and in action were three of the Department's big lime-yellow pumpers. Engine #21 had dropped off its portable 750-gallons-per-minute pump at one hydrant, then moved around the corner and down the block laying its massive four-inch hose line to a second hydrant where it hooked up the hose to its powerful 1250 gpm midship pump. The hose lines were connected, via quarter-turn quick-disconnect couplings, to a portable hydrant set down on the asphalt in front of the gas station, and several powerful streams of water were trained on the fire in short order. Within minutes several truckloads of Scottsdale Fire Wranglers arrived from their city public works jobs, pulling on their protective gear as they ran to help man the hose lines.

Forty-five minutes later the last of the flames was extinguished, and although the largely-wood station would have to be completely rebuilt, the fire had been prevented from reaching the gas pumps or the thousands of gallons of gasoline stored below ground, and had been confined solely to the premises of the gas station.

Just a routine operation by the Scottsdale Fire Department. Only in conventional fire fighting terms, the operation was anything but routine. Who ever heard of lime-yellow fire trucks, portable pumps, four-inch hose, quarter-turn quick-disconnect couplings, portable hydrants, or part-time Fire Wran-

Editor Robert Poole does consulting work in the area of public safety services and recently conducted a feasibility study of contract fire service for a California fire district. He holds two engineering degrees from M.I.T.

glers? Moreover, who ever heard of a fire department that pays time-and-a-half for overtime, employs women as well as men, and motivates its employees with a profit-sharing plan? *Profit*-sharing?

Yet all of these things *do* exist in Scottsdale, because the Scottsdale Fire Department is operated by the Rural/Metro Fire Department, Inc.—America's largest and most successful fire protection company. And as fire protection goes, Rural/Metro is clearly a different breed of cat.

ECONOMICS

Scottsdale obtains its fire protection services on a *contract* basis from Rural/Metro. For 1974/1975, the most recent fiscal year, the contract cost amounted to $498,355. Other fire-related expenses added $142,322, for a total of $640,677, which amounted to $6.67 per capita. Comparable national average data for 1974/75 are not in yet, but the latest available data (1972/73) provide a useful comparison. For cities in the 50,000-100,000 population range, the average fire protection cost per capita was $24.39; in Scottsdale for that year it was $5.70, slightly less than *one-fourth* the national average. With costs like these, it is no wonder that the city has continued to contract with Rural/Metro for the past 23 years, and recently renewed its contract for five more years.

And Scottsdale is no unique case, where everything is fireproof. True, it's a relatively new city, incorporated only in 1952, and has relatively stringent building codes. But it is a diverse city that includes all types of residential areas (including high-rises and condominiums); large commercial districts, including major shopping centers, hotels, and convention centers; and a significant amount of light industry (including a major Motorola electronics plant). Thus, Scottsdale has many of the same potential fire loss problems as other modern, growing communities of nearly 100,000 people.

Scottsdale's city management is very proud of the city's unique approach to fire protection. They point with pride to the city's recognition by the National Commission on Productivity for eight significant innovations in fire fighting, by the Institute for Local Self Government in Berkeley, CA, by the New York City Rand Institute, and other nationally known organizations. They also receive high marks from the city's taxpayers for keeping the cost of fire service so reasonable, without sacrificing the city's relatively good (Class 5) fire insurance rating. On the other hand, should they ever become dissatisfied with the cost or quality of Rural/Metro's service, they have the option of not renewing the company's contract. Since the city owns the fire stations, they could invite other firms to bid for the contract, or could start their own conventional department any time they thought it made sense to do so.

COST EFFECTIVENESS

Because Rural/Metro operates as a profit-making company, it has strong incentives to be efficient, or *cost-effective.* This has meant systematically examining the traditional methods of fighting fires and figuring out how to do more with less. Even a cursory examination of the economics of fire fighting makes clear that by far the largest cost—about 90 percent, on the average—is that of *personnel.* Moreover, in all but the largest big city fire departments, most of the personnel cost consists of paying people to sit around waiting for something to happen. And these days, at union-inflated pay scales, that amounts to an awful lot of money. As Chief Lou Witzeman puts it, "At $300 per month, the mayor could afford to let us spend two hours a day fighting a fire, two hours a day training, two hours cleaning things up, and the rest of the (24-hour) day standing around waiting to serve. At $900 to $1200 a month, they can't afford professional heroes."

Consequently, Rural/Metro has tackled the manpower problem head-on. First of all, they have revived and modernized the time-honored concept of using volunteers, to supplement the full-time firefighter. In earlier times (and even today in numerous small towns across the country), the volunteer fire department was an important community institution, something people were proud to join and excited to participate in. This kind of volunteer spirit is hard to retain in our large urban and suburban communities, spread out over tens and sometimes hundreds of square miles. Further, in metropolitan areas the potential fire hazards are much greater, requiring a higher degree of specialized knowledge and training than most volunteer departments are capable of. Hence, it was necessary to develop a modernized version of the volunteer concept.

The result was Scottsdale's Fire Wranglers. Not volunteers, these people are more correctly called paid reservists. They are city employees, ranging from custodians to mechanics to city engineers, who are paid to be on-call one week out of four. During his on-call week, a Wrangler carries with him at all times a portable radio paging unit, that can summon him in the event of a fire. On-duty Wranglers are required to respond to all structure fire alarms in the city, using either their own vehicles, a city vehicle (if on duty in or near one), or a pumper located at the City Yard especially for Wranglers. They must pass the same stringent selection procedures as regular fire fighters, and undergo a rigorous training program. For this, they receive a monthly retainer of $25 to $67.50 (depending on rank and seniority) plus $5.28 per hour for time spent in training and responding to calls.

In practice, the Wrangler program has worked very well. Chief Witzeman estimates that the Wranglers are thoroughly proficient in from two-thirds to three-fourths of the fireground tasks that can be done by a full-time fire fighter. Department records show that the average number of Wranglers responding to an alarm exceeds the number officially on duty, indicat-

ing the high level of enthusiasm shown by the participants. Further, the use of Wranglers for 38 percent of the force provides the added benefit of a younger group of fire fighters who are more willing to take risks than older men with families and responsibilities, looking forward to retirement. When a Wrangler tires of fire fighting, or decides the risk is excessive, he simply quits, to be replaced by a younger person (from the usually long waiting list of applicants). Since he is not a full-time Fire Department employee, there are no fringe benefits or retirement costs to pay, another bonus for the taxpayers.

Besides the use of a mix of full-time and part-time people, the company utilizes a number of other "manpower multiplication" techniques to reduce the need for excessive staffing. Traditional fire departments try to staff up for the worst-case conflagration, which may only occur once every year or two. In Scottsdale, the company staffs primarily for "normal" response levels, but makes provision for bringing in supplemental people when they're really needed. First, some of the off-duty fire fighters are provided with paging units, so that they can respond to *major* fires even though not on duty. Second, since the company serves a number of adjacent areas outside Scottsdale, it can call on a large number of additional *on-duty* personnel, trained to the same standards and using the same types of equipment, but not paid for by Scottsdale's taxpayers. (This is another advantage of a private company over government fire departments; even though government departments frequently render "mutual aid," their equipment, procedures, radio frequencies, training, and even terminology are often very different, leading to significant coordination problems.)

INNOVATIONS

Furthermore, the company has developed a number of technological innovations that reduce the number of personnel needed to perform a given function. For example, the company has pioneered the use of attack trucks—smaller, lighter, and more maneuverable than regular pumpers—which respond with pumpers to most fires. For the 75 percent of the cases in which the incident is minor, the attack truck (with its onboard water tank, pump, and hose) can handle the job alone, permitting the pumper and its crew to return to "available" status. If the incident is major, the faster attack truck can usually get there first, carrying an officer who can size up the situation before the others arrive, to better organize the placement of pumpers and hose lines, thereby saving valuable time and making more efficient use of the fire fighters.

Another innovation is the Snail—a tread-mounted, remote-controlled "robot fireman" which can drag a 2 1/2-inch hose line into areas too hot (up to 700°) or too dangerous for fire fighters to enter. The Snail, which cost only $3000 to build, is controlled by one man, but does the work of four. Yet another innovation, like the Snail developed by the company with its own funds and people, is a remote-control hydrant valve. Still under development, this device would permit a fire hydrant to be turned on and off by radio control, thereby making it unnecessary for a fire fighter to be stationed at the hydrant.

Rural/Metro makes its dollars go further when it comes to equipment, as well. The company is a licensed manufacturer of fire apparatus, building pumpers and attack trucks both for its own use and for sale to other fire departments. This enables it to obtain its equipment for about half the price of commercial, overly-chromed engines, while also incorporating important design innovations. One of the company's most important innovations is Engine 21, mentioned at the beginning of this article. This engine was designed from the ground up, "as if we had never seen a fire truck, but knew water in the proper quantities at the proper pressure would put out fire." Unique in the industry, Engine 21 carries a portable pump that can either be dropped off at one hydrant, while the truck continues on to a second hydrant (thereby acting as two pumpers in one) *or* be connected in series with the truck's midship pump to produce an amazing 2200 gpm. This truck was built by Rural/Metro for only $25,000 (ask your local fire department what they pay for conventional single-pump, 1000 gpm pumpers; don't believe them if they tell you less than $40,000).

Engine 21 makes use of four-inch hose exclusively, rather than the 2 1/2-inch size most common in the fire service. Four-inch hose permits fewer men to deliver a quantity of water to a fire; it has also permitted fire hydrant spacing in residential areas twice as great as usual practice, at considerable savings to the taxpayers. To save valuable time at fires, all the four-inch hose is equipped with quarter-turn quick-disconnect couplings instead of conventional male-female threaded couplings. Four-inch hose and quarter-turn couplings are beginning to be used by other American fire departments, but originally Rural/Metro had to import both from Germany, since no demand for them existed from America's progressive government fire departments.

QUALITY OF SERVICE

The result of all these innovations is that the Scottsdale Fire Department serves the entire 96,000-population city with a full-time staff of only 41 fire fighters and 10 other personnel (plus the 25 on-call Wranglers), compared with the national average of 118 full-time, paid fire department employees for cities of 50-100,000 population. Critics will (and do!) retort that Scottsdale therefore "obviously" must be receiving cut-rate, shoddy fire protection. There are two generally accepted ways to measure the quality of fire protection received by an area: by checking its fire insurance rating and by tracking its per capita fire losses over a period of years. On both

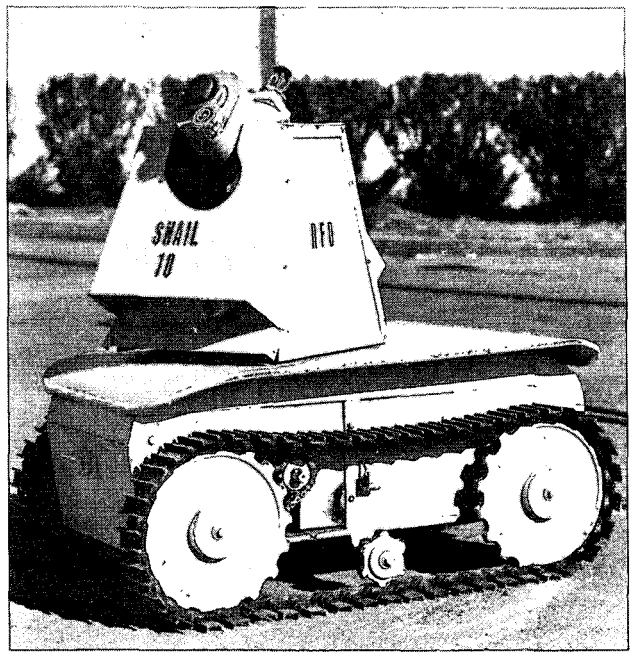
counts, Scottsdale's fire service receives high marks. Over the past 12 years, the per capita fire loss in Scottsdale has averaged $4.44 per year. The national average over this period was in the $12 range.

Fire insurance rates are based on a detailed grading system administered by the Insurance Services Office (ISO), a non-profit organization which serves the insurance industry. On the average, once every seven years ISO sends a team to grade each community, evaluating its water supply, fire department, fire alarm system, structural conditions, etc. Based on each community's total of deficiency points, it is assigned to one of ten rating classifications, with Class 1 being the best (fewest deficiencies) and Class 10 the worst. Fire insurance rates, in general, increase as the area's classification number goes up. For some types of property, however, the rates vary little or not at all between certain classes. Scottsdale, like many modern communities, is rated Class 5 by ISO. For residential properties in the West, the rates for homeowners policies are the same in Classes 1 through 5, rising to a higher level for Classes 6 through 8, and higher again for Class 9 and Class 10. Thus, for Scottsdale homeowners, there would be no benefit in paying higher taxes to improve the fire department enough to achieve a Class 4 or Class 3 rating. Going to Class 4 would benefit commercial and industrial property owners, but again, not enough to offset the higher cost of the fire department. Thus, cost-effectiveness criteria have been used deliberately to settle on Class 5 as a reasonable rating, and therefore, as an acceptable measure of the quality of the Department's service.

IMPLICATIONS

By now it should be clear that there's a definite answer to the question, "What difference does it make whether fire protection is provided by government or by a private company?" The answer is made clear by Rural/Metro's amazing cost figures, manpower policies, and technological innovations. To be sure, Rural/Metro is but a single case. Its performance does not prove that *every* private fire department would be a model of efficiency, or that *no* government department could innovate. However, when you look at the incentives facing a government fire department—ready access to tax revenues regardless of performance, the civil service personnel mentality, and bureaucratic devotion to ever larger budgets and numbers of employees as a measure of status relative to other agencies in the city—and compare them with the incentives facing a private company, the answer is pretty plain. A private firm just cannot afford to waste money on chrome-plated, over-designed pumpers or worst-case on-duty manning policies. It has to seek a return on its investment and it must continually face the possibility of non-renewal of its contract. Consequently, Rural/Metro's performance (given the fact that it has survived and prospered for 28 years) is really quite understandable, and not at all surprising. As Witzeman puts it, "We have the greatest incentive in the world to innovate, to pioneer, to analyze every little step: sheer survival."

The fact that Rural/Metro has retained the contract for Scottsdale's fire protection since 1952 is certainly one indication of the company's success. But if the company were confined merely to Scottsdale, its performance might not appear to be all that remarkable. After all, critics could always allege that the people of Scottsdale were stupid or naive, or that the company had bought off the local politicians in order to keep the contract. But the fact is that Rural/Metro's approach to fire protection has been gaining increasing acceptance all across southern Arizona. The company added three stations in 1971, five in 1972, seven in 1973, and eight in 1974. As of 1976 the company is providing fire protection to 13 Arizona communities—in seven on a contract basis and in the other six to individual subscribers. (Rural/Metro also provides contract police service to one city, contract security patrol service to five new towns, and ambulance service to five communities.) The company's annual dollar volume since 1970 has been increasing at a nearly exponential rate, going from $650,000 in 1970 to over $3 million in 1975. Thus, by the ultimate test of the marketplace, private enterprise fire protection is a roaring success. Yet another indication of the company's success is a string of offers to buy it out from some of the nation's largest firms.



Rural-Metro's remote-control robot fire fighter. Developed by the company with its own funds, the "Snail" does the work of four men, can go where it's too hot or dangerous to send fire fighters, and requires no pension benefits.

All of which should be good news for cities teetering on the brink of fiscal collapse, and for their hard-pressed taxpayers. For here is a *proven* method of slashing the costs of one of the most labor-intensive, high-cost public services, without sacrificing quality. Nevertheless, it is one thing to identify a better way to do things, but something else again to try to put it into practice. In the large American cities where the fiscal crunch is greatest, the existing fire departments are firmly entrenched in the political power structure and most today have strong unions (cf. New York City) which will firmly resist any fundamental change from the status quo, especially one that involves slashing labor costs. A similar situation, though perhaps less intense, exists in most cities with long-established fire departments. Where, then, does private enterprise fire protection offer the greatest immediate potential?

MARKET PROSPECTS

America is still a growing country, especially in the South and the West. Large percentages of most southern and western counties are still unincorporated, and contain isolated homes, small unincorporated communities, and both large and small new developments. Most of these areas do not have established government fire departments. Some are served by volunteer departments, others (in some states but not in others) receive a minimal level of service from a county fire department or from a state or Federal forest service, and still others have no fire protection whatsoever. It is areas such as this that offer the most attractive immediate prospects for private enterprise fire protection.

Indeed, it is precisely these types of areas that Rural/Metro has successfully and profitably served. The company's general pattern has been to offer

CREEPING CAPITALISM IN DENMARK, TOO

Contract and subscription fire fighting are not unique to Arizona. For 70 years the Falck Company has provided rescue and fire fighting service to individuals and municipalities in Denmark. Today the company operates from 132 stations throughout all of Denmark, and employs 3300 full-time rescue men, 1200 part-time firefighters, and 400 administrative personnel. Its fleet includes 1000 ambulances, 700 wreckers, 300 fire engines, 100 ladder trucks, 100 rescue cars, and 800 trailer and miscellaneous vehicles.

The company began in 1906 with a single station to perform rescue work at fires on a subscription basis, and soon expanded into the ambulance business. After World War I, the number of stations was increased and an auto towing subscription service (much like our own American Automobile Association) was created. For 10 crowns a year, Falck would assist a motorist with any kind of automobile breakdown. In 1926 a new Danish law called for standardized municipal fire departments; however, since Falck was already well accepted in the fire business, the law made provision for contracting out the service to companies such as Falck, for an annual contract payment based on the population of the city. By 1940, Falck was providing contract fire protection to half of Denmark.

As Falck's network of fire stations grew, it developed an extensive ambulance business as well. Here again, the laws allowed municipalities to contract the service or to provide it themselves, and many chose the former course. Today, 271 out of Denmark's 279 municipalities contract with Falck for their basic ambulance service. About two-thirds of all ambulance service is paid for out of public (tax) revenues. Most of the remaining ambulance business is also provided by Falck, by means of private subscription contracts. Such a contract provides all types of conveyance a subscriber may need which cannot be obtained from publicly-funded sources – e.g., transport of a subscriber to his home if he gets ill while on vacation, conveyance of long-term hospital patients home for weekend visits, delivery of prescriptions from pharmacies, etc. Between road service and ambulance subscriptions, some 850,000 families and corporations subscribe to Falck services.

The bulk of Falck's income, some 70 percent, comes from fire fighting contracts and subscriptions. Falck responds to some 30,000 fire calls per year, serving half of all Denmark. Ninety of the 132 Falck stations house fire engines, and 25 others serve as backup fire stations. Like the Scottsdale, Arizona private fire department, Falck operates with a core group of full-time, paid rescue men, who are able to respond in less than one minute, supplemented by a part-time staff notified by radio and/or telephone, who respond within five minutes. The company points out that one advantage of choosing Falck for fire protection is its ability to draw on a large staff of other rescue men, all of whom have standardized training in firefighting, first aid, salvage, etc.

Falck's road service and wrecker operations are so comprehensive that the company has displaced the government's highway patrol cars; "their duty has been taken over by the red Falck wreckers." About half of Denmark's 1.3 million car owners subscribe to Falck's road service, and the company answers 975,000 road service calls per year. It goes out of its way to serve subscribers, even to providing first aid kits for home and car, and refilling them free of charge upon request. In addition, Falck's network of 132 stations provides hourly reports on highway conditions during winter months, which are broadcast over the Danish Broadcasting Service on both radio and TV news programs.

Falck's search for subscription customers extends even to Denmark's farmers: for an annual fee, the company provides an animal rescue service, which answers 30,000 calls a year. The company also provides coastal rescues using high-speed launches, diving and salvage operations, an aerial ambulance service, and a variety of other related services.

In yet another parallel with Arizona's Rural/Metro Fire Department, Falck recently began to build its own equipment. In 1971 it acquired one of its principal suppliers of wreckers and trucks, the H. F. Nielsen Machine Factory, Ltd. The firm is hard at work turning out vehicles (46 in 1973) for the parent company's far-flung operations.

Falck is a splendid example of the creative possibilities of private enterprise engaged in "public service" activities frequently considered the sole province of government. If such an enterprise can prosper in socialist Denmark, how much greater opportunities may exist in semi-capitalist America?

individual subscriber service in the sparsely-settled areas, building up its clientele as the area grows. If the area's residents decide to organize a fire district, or to incorporate, Rural/Metro is then in an excellent position to offer contract service to the new political entity. (Several such areas in Arizona, such as Paradise Valley, have incorporated without going to contract service, since the residents were satisfied with Rural/Metro's individual subscriber service.) The building of large-scale master-planned developments (e.g., Leisure World, Sun City, Fountain Hills) by such firms as Del Webb has offered yet another market for Rural/Metro. In most of these new Arizona communities, the developer has contracted with the company for fire and security services, until such time as the community is large enough to form a fire district or local government. The developer thereby safeguards his investment in the community by ensuring that professional fire and security protection is provided, even when the number of residents is small.

Another market for contract fire protection is cities and fire districts that presently contract with an external government fire department. Such contracting exists in cities in at least five states other than Arizona: California, Minnesota, Ohio, Pennsylvania, and Virginia. If fire districts and towns smaller than 10,000 were also considered, the number could well run into thousands. These cities and districts typically contract for service from an adjacent city or county fire department, on a year-to-year basis. Consequently, just like a newly incorporated city, they have no long-term obligation to continue purchasing fire protection from the same source, and could readily switch to private enterprise service, should such be offered. The existing fire department, or its union, may complain mightily about the loss of "its" customers, but there is nothing it can do to prevent the change.

Eventually, contract fire protection may come to established cities with entrenched government departments. As these cities' administrators search desperately for ways to avoid bankruptcy, the growing success of contract fire service in new cities will be harder and harder for them to evade. Taxpayer organizations will start asking why such proven methods can't be adopted, despite the self-serving pleas of the bureaucracy and the unions. And sooner or later, some mayors and city managers will decide to take the plunge. For, as Louis Witzeman puts it, cities and their taxpayers can no longer afford professional heroes.

Fire protection is a *business*: it requires the allocation of scarce resources—personnel and equipment—to provide specific services at the minimum overall, long-term cost. It requires cost accounting, planning, and rational decision-making, and it can be done at a profit. The sooner city managers and mayors recognize this, and act accordingly, the better off our cities and their taxpayers will be. ◻

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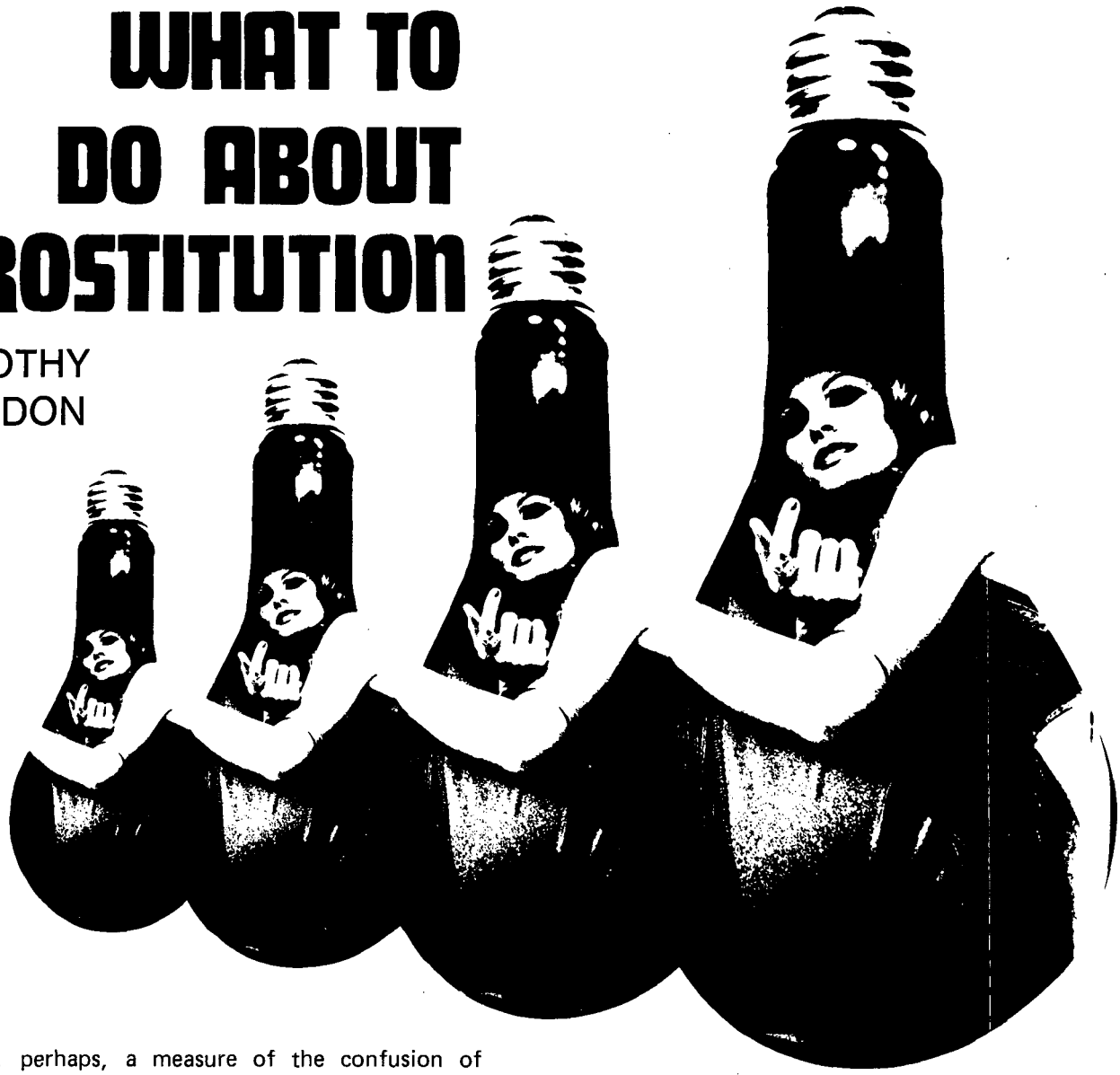
WHAT TO DO ABOUT PROSTITUTION

TIMOTHY CONDON



It is, perhaps, a measure of the confusion of today's discussion of prostitutes and prostitution that there is really no consensus on exactly *what* individual prostitutes are, in terms of personal, mental, spiritual, and emotional health. Some—predominantly psychologists and sociologists eager to expand their control over yet another group of individuals through the coercive agency of the State—believe that prostitutes are criminals, sick, in need of being rehabilitated, and so forth.

A United Nations study on prostitution comments that "the number of prostitutes who are mentally, psychologically and emotionally normal appears to be very limited." Perhaps evidencing the mentality of the type of people who indulge in such organizations, rather than any interest in human freedom or in helping truly disturbed individuals, the authors of the report go on to suggest:

> Considering that promiscuity often leads to prostitution . . . it would be most desirable for facilities to be provided so that promiscuous persons, juveniles as well as adults, would be examined in order to obtain an insight into their personality structure and to investigate whether a better control of their tendency towards promiscuity could be attainable by means of psychiatric treatment.

Likewise, it is not unusual to read popular journal articles suggesting that a prostitute is a person with an illness, who needs to be helped whether she wants help or not.

It is clear that many who decide to concern

Timothy Condon is a third-year law student at the University of Florida. He received a B.S., with honors, in journalism from the University of Florida and was elected to Phi Kappa Phi honor society. While editor of the student newspaper, he led the successful fight to make it independent.

themselves with the "problem" of prostitution have self-fulfilling attitudes that put the individual prostitute in a category or group and deny her individuality in terms of choosing to engage in that particular profession.

On the other hand, and totally opposed to the type of attitude exposed above, there is a substantial body of opinion by which prostitutes are considered not necessarily unhealthy—mentally, physically, or otherwise—and by which prostitution is considered a voluntary, value-for-value exchange that the State has no right to prohibit or restrict.

SOLID CITIZENS OR SICK?

Typical of this happier attitude is the outlook of the people of Nevada, where prostitution may be—and has been—legalized by county vote. There are probably more prostitutes per capita in Nevada than in any other state of the union, and nonstreetwalking hookers are there considered solid citizens who happen to be working in the world's oldest profession. But Nevada is an enigma, an individualist haven surrounded by more "right-thinking" and coercive-minded people than in the other 49 states.

There has been some speculation about why so many individuals think that prostitution is evil or sick. Dorothy Gallagher, in a 1973 *Redbook* piece suggested, "What makes prostitution such anathema to most of us, I think, is that in her working life, at least, the prostitute severs the sex-love connection. She flaunts behavior we do not admit to. And it is upsetting to watch her do it."

In the eyes of such humanist reformers prostitutes are simply individuals who have chosen a career that many in society are hung up about (obviously) but who are, basically, "just like you and me," performing a service—and a valuable one at that, judging from the demand that has continued strongly throughout history.

Still a third group of people, overlapping with the decriminalizers and the crime or sickness thinkers, is made up of those who believe that prostitutes are victims of the system, that they can't help it, because of sexism, racism, and exploitation. Typifying this attitude—and the unspoken value judgments that go with it—are Charles Winick and Paul Kinsie, who assert in a 1972 *Psychology Today* article:

> Segregating a group of women whose primary work is meeting the sexual needs of men on an anonymous, cash basis seems clearly to violate the American dream of making equality meaningful for all. . . . It seems impossible for women prostitutes to operate in other than exploitative situations.

Not surprisingly, many feminists who regard "women" as a collective and single-minded entity share the above attitude—often to the consternation, dismay, and rage of prostitutes who recognize its implicit condescension and putdown. In the fall 1973 *Issues in Criminology,* a group of women declares: "As feminists it is somewhat disturbing to argue that a woman has the right to privately decide to sell her body. Her decision affects all women." Yet this bold statement directly contradicts the major point of the overwhelming media campaign carried on during the fight to legalize abortion, to wit, that a woman has the right to do with her own body as she pleases. Ignoring this, however, the authors go on to assert: "The presence of prostitution is a crime against all people. . . . The end of prostitution will only come about with the end to the sexism that causes it . . . As long as sexism and economic oppression persist, the supply and demand for prostitution will continue." It should be remembered that these assertions are made, while arguing for decriminalization, by active and educated feminists—not by little old ladies offended by acts that they personally abhor because of religious or cultural training.

THE BUSINESS OF PROSTITUTION

Thus are the pros and cons of prostitution debated. Meanwhile, prostitutes themselves continue, in one style or another, in their chosen profession. Generally, there are four ways of pursuing this line of work: as a streetwalker on one's own; in partnership with a pimp who procures, protects, and in general manages the prostitute; in an established house as a member of the staff, and as a call girl, perhaps the most business-wise way to ply the profession.

Streetwalking is the least desirable because of its high degree of danger, both from violent customers and from the possibility of police arrest. Street prostitutes are generally older, less desirable women who make too little profit to a pimp or a house. They are often veterans of earlier, better years of being taken care of by their pimps or living and working in a brothel; but age catches all, and many turn to the streets to peddle their wares, often being or turning into drug addicts.

A terrifying picture of being on the downside of the hill is presented by those who know the plight of the old and weathered, a picture that includes robbery and beatings by clients, police indifference, and junkie hookers who will give their bodies for a five-dollar bag of heroin.

In contrast to the above, life with a pimp is much safer and better. Contrary to standard mythology, which has it that a pimp is a slob, unfairly exploiting his woman or women economically and sometimes physically beating or otherwise abusing them, the pimp actually serves a valuable and useful function.

For a "stable" of from two to six women, a street pimp will collect all or part of the money and, in return, manage the women's affairs and provide services they need. He buys clothes for them. He shows up in court to pay fines. He takes care of the rent, medical, and other bills. He protects his women against violent or defaulting customers and against

police. And he often provides close and loving companionship to his women. The women, on their part, often love their pimp and call him "husband."

TEMPLES OF LOVE

Perhaps the safest technique, both theoretically and realistically, for plying one's profession as a prostitute is to have a house, to be a prostitute in a brothel. Indeed, this would seem to be a somewhat traditional form of plying the trade in America. A page from *The Gentleman's Directory* published in New York in 1870 is entitled "Temples of Love" and contains the following information:

> The house at No. 79 Marion Street is of the first class, and frequented by the elite of the city. It contains six boarders.
>
> The house at No. 53 West Houston Street is kept by Mrs. Mayer who furnishes the best accommodations for ladies and gentlemen. This house is kept in a very quiet and orderly manner.
>
> The next house, No. 55, is kept by Miss Ada Blashfield, the dashing brunette, who has eight or ten boarders, both blondes and brunettes. These are a pretty lot.

Many have claimed that the "sexual revolution" will destroy prostitution, others that it will result in increased *sexual commerce.*

In many states in the latter part of the 19th century, prostitution was a recognized and tolerated, if not legalized, form of vice. In New York City, for instance, prostitution was both legal and unregulated around the end of the Civil War. Advertising appeared regularly in printed sheets and newspapers. Although vagrancy laws could be utilized to arrest prostitutes in brothels, such State harassment was rare as long as the owners cooperated in paying off police and politicians.

In Nevada, the only state that currently has unmolested and legal brothels in some counties (10 counties permit unregulated prostitution and two more have licensed brothels under county-option legislation enacted in 1971), prostitution is thought of as a legitimate addition to the ranks of local enterprise. In explaining why such "dens of iniquity" aren't immediately closed down, Nevada attorney Bill MacDonald commented in an interview, "It's what you grow up with. . . . The county's been here since 1861, and the town—and the houses—came along eight-ten years later. The feeling is that they've always been here, so why close them?" Additionally, MacDonald explained, the prostitutes in his area of Nevada are good citizens, contributing to the Boy Scouts, church raffles, and such and raising very little disturbance or violence in the brothels.

But there are other, standard arguments for allowing brothels to operate: they allegedly prevent disease, protect customers, reduce the number of rapes, cut down the number of streetwalkers and pimps, and may even provide "initiation into manhood" for adolescent males.

"This is a way of life in this area. People don't look down on it," explained a female co-owner of a brothel in Nevada. "I'm like a housemother to the girls. I don't think they feel like they're prostitutes; sometimes they feel more like they're on vacation. I think they have the feeling of a home type of thing here."

Clearly, brothels can provide services and an atmosphere for prostitutes that make their life better in more ways than simply protection from the violent crimes associated with streetwalking. In fact, Murray Rothbard points out in *For a New Liberty* that, were prostitution and brothels decriminalized, both the quality of life for prostitutes and the quality, crime-wise, of the society we live in would increase:

> It should be noted that many of the grimmer aspects of the streetwalking trade have been brought about by the outlawing of brothels. As long lasting houses of prostitution operated by madams anxious to cultivate goodwill among customers over a long time span, brothels used to compete to provide high-quality service and build up their 'brand name.' The outlawing of brothels has forced prostitution into a 'black-market,' fly-by-night existence, with all the dangers and general decline in quality this always entails.

SOPHISTICATED PROSTITUTION

Another classic mode of operating as a prostitute is the call girl method, probably the most popular and trusted style today, especially where prostitution is still illegal and police harassment is the rule. This businesslike way of plying the profession is reserved for the more desirable and educated. Usually known to a group of clients, who in turn refer friends or associates, the call girl may as often as not simply play the part of a hostess or guide to an out-of-town businessman or other visitor.

This eminently rational system provides for the businessman who needs a woman for a client, to "show him a good time" and perhaps incidentally to win an account. Or perhaps a government bureaucrat desires to impress a powerful politician or constituent. What better way to placate a potential ally than to supply him with a beautiful, articulate, and graceful hostess, whose duties will range from edu-

cated small talk, to shepherding the client around in unfamiliar territory, to sexually satisfying him?

With the higher stakes (beyond simple sexual satisfaction) involved in this arrangement, the appropriate women are often demanded for very high fees. Needless to say, the fees and costs are usually paid by the businessman or politician rather than the call girl's customer.

PROSTITUTION TODAY

In periods of change such as Western society is at present experiencing, there is a tendency to examine time-honored moral, religious, personal, and societal beliefs. One area of current scrutiny is the institution of prostitution and the individuals who comprise it. The battle lines are drawn, even if somewhat blurred, and the respective armies have engaged in isolated, but spreading, skirmishes over the question.

Oddly enough, many have claimed that the "sexual revolution" of the sixties and early seventies will totally destroy the institution of prostitution, while others have seen that upheaval as resulting in *increased* sexual commerce. Alex Comfort, in his best-selling book *The Joy of Sex,* asserts that ". . . general sexual freedom is more likely to displace monetary sex altogether, except for those for whom it arises from unconscious needs." Nevertheless, a look at the FBI Uniform Crime Reports suggests that prostitution has been a booming business: in 1958 there were 17,482 arrests for prostitution and "common vice." By 1964 this total had risen to 28,190, and by 1970, well into the sexual revolution, to 45,344, in all cases the vast majority of arrests being of females.

A factor gaining power in the prostitution battle is the women's liberation movement. Potentially an insuperable force in moving to eradicate laws proscribing this victimless crime, the movement has unfortunately bogged down in collectivist arguments. It has been taken in by the opposition's suggestion when it comes to what one is to do with his or her own body, individual rights are irrelevant, that the legitimacy of such decisions depends upon the emotions and beliefs prevailing in society.

Even when such feminists bring themselves to recognize the illegitimacy of the State having a say in how individuals control their own bodies, they tend to bog down in shrill denunciations of "the system." Witness a 1972 article by Pamela Roby and Virginia Kerr in *The Nation:*

> We add, finally, that our recommendations (to decriminalize prostitution) are to be taken as a palliative, not as a remedy, for the problem (sic). Prostitution, demeaning as many consider it to be, will continue to be a necessary and sometimes attractive way of "making it," as long as sexism, racism and class inequality continue to shape the lives of our citizens and to limit their options.

Oddly enough, the more extreme in the women's movement tend to be more rational about such questions: Ti Grace Atkinson, one of the more radical and outspoken leaders of the movement, in calling for the repeal of laws against prostitution, proffered the opinion that "prostitutes are the only honest women because they charge for their services, rather than submitting to a marriage contract which forces them to work for life without pay."

FEMINISM AND PROSTITUTION

Despite the second thoughts of some in the women's movement, a coalition fighting for the decriminalization of prostitution *has* been forged. As Roger Williams noted in *Saturday Review/World,*

> Militant feminists have tended to regard prostitutes as underprivileged, male-victimized sisters who need to have their consciousness raised and their legs crossed. This attitude led, a couple of years ago, to tense and sometimes bitter encounters between the two groups. In New York's suburban Westchester County, a band of prostitutes stormed into a feminist meeting and announced that they neither wanted nor needed "rehabilitation." Calling the stunned feminists hypocrites, they asked rhetorically how many women could honestly say they do not prostitute themselves to men in exchange for security and financial support.

Potentially an insuperable force in the decriminalization fight, the women's movement has bogged down in collectivism.

As a result of such confrontations and consciousness raising, at conventions of prostitutes' organizations one can find sported almost as many NOW buttons as buttons proclaiming prostitutes' right to engage in their much-maligned profession.

Coming hand-in-hand with such societal changes in America are rapid and drastic political changes, resulting in more outspoken demands that laws against victimless crimes—among them prostitution—be repealed or struck down. Indicative of the change in attitude is the public discussion over possible prostitution legalization, discussion heretofore absent. Now it is cropping up even in the most unlikely places, such as Dayton, Ohio. In 1972 the Dayton city commission voted four to one for a resolution urging that the state legislature give all cities in the state the option of licensing and regulating prostitu-

tion. And Dayton is hardly a hotbed of social radicalism.

This general liberalization and loosening up of discussion is also evidenced by the lessening of prohibitions against pornography and by the appearance of such books as *The Sensuous Woman, The Joy of Sex,* and *The Happy Hooker,* the latter glorifying the happy life of a prostitute and written by a prostitute.

The discussion has even crept into stolidly conservative women's publications. In her searching *Redbook* article, Gallagher concludes, after examining prostitution from several angles:

> In our culture we publicly insist on a connection between sex and love, and we have built an elaborate moral and romantic structure to contain it. But although we—women especially—have an emotional investment in romantic sexuality, monogamy and marriage, all girls learn early that sex is a transaction.
>
> When a boy takes us to dinner or to the movies, we know that he expects a return on his investment. And if we refuse him physical contact, we are aware that we have not kept our part of an unspoken bargain. When we grow older things become more complicated. I have never bartered sex for money, but I have exchanged it for other things: for momentary comfort, to lift the burden of loneliness, in the hope that it might bring me love, for the sake of pleasure.

This is surely a stunning admission for a "straight" woman.

ON THE DEFENSIVE

Even more stunning, however, has been the emergence of organizations that will probably be ultimately responsible for the decriminalization of prostitution: organizations for and by prostitutes. In the spring of 1974, the first "hookers union" had its first national convention in San Francisco. COYOTE (Call Off Your Old Tired Ethics) was formed by Margo St. James, an ex-madam from New York City, with the help of Flo Kennedy, a black feminist lawyer. Other such organizations have sprung up also—PONY (Prostitutes of New York) and ASP (Association of Seattle Prostitutes) among them—all dedicated to improving the lot of the victimized prostitute. COYOTE alone claims 9,000 dues-paying members, at least 10 percent of them working prostitutes.

The position of these organizations is that prostitution is simply a way to earn a living by selling one's labor. Although a crime by present law, it is a victimless crime. Significantly, the goal of such organizations is not *legalized* but *decriminalized* prostitution; they know that government intrusion inevitably causes market distortions that can be damaging to the individuals in a profession and limit the freedom of those individuals to pursue their profession and life in the manner chosen.

Lawyer Flo Kennedy believes that prostitutes will ultimately be able to exert enough pressure to decriminalize the profession: "If hookers would share their black books," she points out, "if we could get all those guys who use prostitutes and then, in their official positions, turn on them, we might be able to achieve our goals—most importantly, the decriminalization of prostitution."

Along with the emergence of organizations of, by, and for prostitutes, have come more or less traditional political groups that are willing to help the hookers in their sometimes lonely battle. The American Civil Liberties Union is active in litigating cases that might result in more freedom and rights for prostitutes. In 1973 the ACLU and NOW collaborated on a pamphlet calling for decriminalization of prostitution.

Additionally, in 1972 a special committee of the American Bar Association called for decriminalization, and ACLU attorney Marilyn Haft has recently presented a resolution to the ABA proposing that it support the measure. The ultimate aim, according to Haft, is to make prostitution "a legitimate business."

Also, at least some segments of the traditional Democratic and Republican parties are willing to support decriminalization, and the emergence in recent years of the Libertarian Party, engaging in national electoral politics, has strengthened the hand of those who would fight politically to decriminalize.

WHY DECRIMINALIZE?

"Why decriminalize or legalize prostitution?" has been the plaintive cry of some who are blind to the involvement of individual freedom in the controversy. Despite prostitution's staying power throughout history—even where communists have come into power with their impressive willingness and machinery for controlling individual behavior—opponents assert that the State should not *legitimize* prostitution by not outlawing it.

The attack against such hypocritical laws is being pushed on three fronts: in the legal arena through the court system, in the intellectual realm through public discussion and debate, and on the pragmatic front through examination of the traditional arguments against prostitution.

In the courts, more and more suits are being filed against prostitution statutes. Typical of these is a recent California case. REASON magazine (January 1975) reported:

> Three California women have filed a taxpayers' suit seeking to stop enforcement of the state's laws against prostitution. The three, who are ACLU members, charge that enforcing these laws wastes taxpayers' money and deprives prostitutes of free speech, privacy, and their right to due process of law. The suit names as defendants the Alameda County district attor-

ney, the county's director of health care services, and the cities of Oakland, Berkeley, and Emeryville.

Such cases, far from being unusual precedent breakers, are simply building on several cases that have already been decided and have struck down various prostitution laws. Successful challenges have been brought in three jurisdictions: *State* v. *Fields,* No. 72-4788 Cr. (3d Jud. Dist. Ct., Alaska, June 27, 1973); *United States* v. *Moses,* Nos. 17778-72 and 21346-72 (D.C. Super. Ct., Nov. 8, 1972); *State* v. *Woods,* No. 443012 (Minneapolis Mun. Ct., Dec. 21, 1971).

Legal reformers base their attacks against prostitution laws on several constitutional grounds: equal protection, privacy, cruel and unusual punishment, due process, and freedom of speech. Less used are the charges of cruel and unusual punishment (based on the fact that several states make simple status as prostitute a criminal offense) and the due process argument (based on the use of loitering and vagrancy statutes in conjunction with indiscriminate "street sweeps").

SUCCESS IN THE COURTS

On the other hand, equal protection, privacy, and freedom of speech have been used successfully. The best of these by far has been the equal protection attack, under the 14th amendment: a statute being challenged will generally be discriminatory per se because it makes prostitution exclusively a *female* offense, thus precluding prosecution of males; *or* a statute that appears to be evenhanded might actually be enforced, officially or unofficially, in a discriminatory manner.

The second line of challenge arguing from the right to privacy, has been recognized by only one court (see *United States* v. *Moses,* above), but this is likely to change, given increasing general emphasis on the right to privacy. The good thing about this line of attack is that, if the courts *were* to strike down prostitution laws on this basis, it would result in statutes proscribing prostitution being wiped out—unlike equal protection challenges that are sustained.

A third prevalent way of attacking the constitutionality of these laws is through freedom of speech arguments. However, this tack is useful only in those jurisdictions that prohibit the act of solicitation rather than prostitution itself.

As to popular views, as mentioned above, such organizations as COYOTE, PONY, and ASP are discussing and arguing for the decriminalization of prostitution. "Why," asks Margo St. James of COYOTE, "should a prostitute be penalized for doing the same thing everyone does to earn a living?" Indeed, why is the question: the answer, of course, is that she *shouldn't* be penalized.

On the pragmatic front—where the concern is exactly *why* the State outlaws prostitution—the battle is going more and more toward decriminalization as the public and the different sides become more and more educated and sophisticated. The pragmatic battlers take up the reasons given for outlawing prostitution and offer antidote arguments.

Where the opponents of prostitution argue that it encourages "illicit" sexual activity, the proponents of decriminalization reply that an important question must first be asked: is it even a legitimate purpose of the State to encourage or discourage *any* kind of consensual sexual activity? The argument proceeds to proving that the State should have nothing to say about whether individuals rent or do not rent their bodies, nor about what kind of sexual activities people engage in, nor about what people desire to do in their spare time as it relates to sexual activity, which is a *moral,* rather than a societal or criminal, question.

Another widely used rationale for outlawing prostitution is that this will check the spread of venereal disease. But statistically, this argument is ridiculous, since venereal disease is what doctors call pandemic today, even *with* prostitution almost universally outlawed. Additionally, studies have shown that the VD rate among prostitutes is no greater than among the rest of the population. That being true, the number of prostitutes or the legitimacy of prostitution has nothing to do with the amount of VD in society.

PROSTITUTION AND CRIME

Opponents of prostitution also assert that outlawing it will help check the spread of crime and corruption often associated with it. But, Rothbard argues, "To outlaw trades that may attract crime . . . would in the same way justify prohibition because many fights take place in bars. The answer is not to outlaw the voluntary and truly lawful activity, but for the police to see to it that the genuine crimes do not get committed."

Moreover, analysis will reveal that outlawing prostitution would have precisely the opposite of the desired effect: since victims of crimes often associated with it fear incriminating themselves, prostitutes and their customers become easy marks for criminals who would victimize them, knowing that for the most part police protection is not available. On the other hand, if prostitution were decriminalized, the police would provide protection for the prostitute and her clients just as protection is provided for everyone else, and the police could count on greater cooperation from the victims of such crimes in solving them.

Another argument often used is that criminalizing prostitution drives "undesirables" from the public view. But who is to decide what an undesirable is? If in fact the State has no business legislating individuals' sexual conduct, then what right does it have to label some of those individuals "undesirables?" As a

matter of fact, to quote from a court case dealing with just this type of problem:

> The man who goes either by himself or with his family to a public place must expect to meet and mingle with all classes of people. He cannot ask, to suit his caprice or prejudice or social views, that this or that man shall be excluded because he does not wish to associate with them. He may draw his social line as closely as he chooses at his home, or in other private places, but he cannot in a public place carry the privacy of his home with him, or ask that people not as good or great as he is shall step aside when he appears. [*Ferguson* v. *Giles,* 82 Mich. 358, 367-8 (1890).]

Mustn't we, however, protect innocent persons from the sight of public sexual solicitation and from being solicited themselves? This involves freedom of speech, as noted above, unless we should be wise enough to have privately owned and run streets catering to different clienteles. But, given our present public-street situation, should we also protect innocent people from hearing radical political speeches on the street? Or from the Salvation Army and other charity operations? Hardly.

In any case, it is clear that such a rationale is blatantly discriminatory under the law. Any woman can tell story after story about being solicited at place after place by men, for sexual purposes. Are such men ever arrested? Rarely, if ever. This is because the State apparently holds that public sexual solicitation by females or gays is a crime and cause for arrest, while heterosexual solicitation by males is quite all right. The State and its policy in this area are blatantly sexist and discriminatory.

LICENSING VS. FREEDOM

The arguments for criminalizing prostitution are hardly compelling, whether because they never held any real force or because societal and other changes have vitiated any original justification. There is another aspect of the debate, however, that needs to be examined. Many who argue for doing away with criminal penalties for prostitution per se follow this up with the contention that prostitutes or brothels or both should be *licensed* by the State—for the good of the public, of course.

As the possibility of decriminalization becomes more and more a reality, this position, with its implication of entangling and stifling rules, regulations, red tape, and official and unofficial pressure, will have to be dealt with. *None* of the prostitutes' organizations mentioned above are for *any* kind of licensing: they realize the problems inherent in such schemes.

One argument frequently used by the licensing faction in the prostitution controversy again raises the specter of venereal disease. The argument suggests, however, that prostitutes are necessary for the spread of VD and that licensing would somehow ensure the prostitutes' seeking medical attention they do not seek now. According to statistics compiled in recent years, though, prostitutes have been shown to have no higher incidence of VD than the general population: the Alameda County Health Service reported in 1973 that 25 percent of its population, and of its prostitutes, had VD; in Oakland, prostitutes make up only three percent of the reported cases of VD, making them hardly the great spreaders of VD they are pictured as being. Prostitutes are hardly the only people who can and do spread the disease. Will the next suggestion be that prostitutes' *customers* be licensed?

If prostitution were decriminalized, prostitutes and their customers would be quicker and more willing to seek regular medical attention, since *then* neither group would be risking the possibility of incriminating themselves by dealing with the authorities. In fact, we could expect prostitutes to be *more* careful than the general populace about VD, since they run the risk of being infected and a consequent decrease in business.

Another argument for licensing is that it would tend to discourage women from becoming prostitutes. But criminal penalties have hardly discouraged prostitution; to say that licensing *would* is simple fantasy. Moreover, once a woman was licensed as a prostitute, she would be likely to encounter heavy discrimination once she desired another job, especially in such areas as public service or dealing with children.

Additionally, if prostitution were legalized and licensed, brothel owners' power, economic and otherwise, would increase. We would probably be faced with the spectacle of their infiltrating legislatures, giving secret bribes, lobbying, and so forth, in order to drive independent prostitutes off the streets.

Some argue that licensing would decrease the soliciting, violent crimes, and payoffs that exist today. But if a woman wanted to solicit on the street, the payoffs would continue, and prostitution per se does not breed violent crimes: even if it did that would be little reason for the State to penalize the profession as opposed to perpetrators of the crimes themselves.

THE FUTURE OF PROSTITUTION

In sum, it would be a bad idea to force licensing of prostitutes, simply because it would be bad politics and bad for individual freedom to allow the State more power over individual members of a profession or trade. Knowledgeable individuals point to the medical profession, with its legalized monopoly, and the resultant market distortions, such as the artificially depressed supply of doctors and abnormally high prices. Who is hurt? The public. Who is helped? Those

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Lysander & Limited Government

FRED D. MILLER, JR.

Lysander Spooner, the great 19th-century critic of the American political system, is widely acclaimed in present-day libertarian circles as an anarchist. "No Treason #6" is referred to, in hushed tones, as though it were a definitive treatise of anarchocapitalism.

In fact, careful reading reveals that "No Treason #6" is far from an argument for anarchism. I have argued elsewhere (in *New Guard,* Sept. 1973) that anarchistic libertarianism is indefensible, and I believe that its defense is not to be found in "No Treason," either.

What leads to the mistaken conclusion that Spooner is arguing for anarchism is the understandable, but fallacious, assumption that if A and B are both opposed to C, then A and B hold the same view. (The alliances of World War II should have revealed the falsity of this premise once and for all.) Spooner, to be sure, directs a brilliant attack against the political institutions and practices of the United States and against traditional attempts to demonstrate the moral authority of the State. But, from the mere fact that the anarchist also opposes these things, it cannot be concluded that Spooner is an anarchist. For proponents of limited government oppose them also.

In the past, three main defenses of the State have been offered: (1) the Altruistic Defense, (2) the Libertarian Defense, and (3) the Social Contract Defense. The Altruistic Defense starts from the premise that the individual, as such, is of no importance. It thus has little difficulty in maintaining that the existence and the operations of government are justified insofar as they promote some altruistic goal. The act utilitarian allows an innocent man to hang if this will promote the "general happiness." The Hegelian holist allows the State to remove malignant tissue (e.g., reactionary Kulaks) if this will promote the health of the "social organism." This defense of the State, with its anti-individualistic premise, is alien to the American political tradition, and it does not even occur to Spooner to attempt to refute it.

The Libertarian Defense goes back as far as the fifth century B.C., when two Greek sophists, Lycophron and Hippodamus, maintained that the proper function of laws is the protection of rights. (What little remains of the writings of these two little-known philosophers is preserved in Aristotle's *Politics,* II, 8 and III, 9. It is not Spooner's purpose to criticize this defense of the State. Although this approach to government was implicit in much of Anglo-American political thought, it was badly muddled with the Social Contract theory of Locke and his successors.

The Social Contract Defense *is* the target of Spooner's attack. It rests on the premise, first articulated in Plato's *Crito,* that individuals ought to keep their agreements. Since everyone has (tacitly) agreed to obey the laws of the State, everyone is morally obligated to obey them, and that is the basis of the moral authority of the State. This defense appeals most to Platonists and Kantians who treat the "institution" of promising with a sort of superstitious awe.

Spooner presents a devastating refutation of the Social Contract Defense. The Constitution can represent a morally binding agreement only if it meets the conditions that must be met by any morally binding agreement: (1) there must be another identifiable individual or individuals with whom the moral agent enters into the agreement; (2) the agent must enter into the agreement voluntarily; and (3) the agent must *sign* the agreement in written form. And, says Spooner, none of these conditions are satisfied by the

Fred D. Miller, Jr. is assistant professor of philosophy at Bowling Green State University. He is currently on leave to pursue studies at the Institute for Research in the Humanities at the University of Wisconsin. He received his doctorate from the University of Washington in 1971 and did postdoctoral work at Harvard University in Greek philosophy. He has articles appearing in several scholarly journals, including Philosophical Review, *the* Personalist, *and the* Philosophical Quarterly.

Constitution. Since it obviously fails condition (3), it "would not be received in any court of justice sitting under its authority, if offered to prove a debt of five dollars, owing by one man to another ("No Treason #6," ed. James J. Martin [Colorado Springs, 1973], p. 26). Proponents of the Social Contract Defense usually concede that (3) is not satisfied but maintain that in the acts of voting and paying taxes the individual *tacitly* consents to uphold the Constitution. Aside from simply begging the question—since it has not been explained why (3) must hold explicitly for every agreement except *this* one—this revision still leaves condition (2) unsatisfied. Paying taxes is hardly a voluntary action, and even voting offers only the illusion of choice: the citizen "finds himself, without his consent, so situated that, if he use the ballot, he may become a master; if he does not use it, he must become a slave. And he has no other alternative than these two" (p. 15).

The most interesting, and original, part of Spooner's critique concerns condition (1). To the individual, " 'the government' is a myth, an abstraction, an incorporeality, with which he can make no contract, and to which he can give no consent, and make no pledge" (p. 21). Since all voting is by secret ballot, an individual cannot identify those other individuals who selected as their representatives the legislators and the executive whom he is supposed to obey. Therefore, he can have no agreement with them.

This begins Spooner's scathing attack on the sacredest of all sacred cows: the secret ballot. Since those who vote for higher taxes, repressive laws, and welfare-warfare benefits never identify themselves, they are nothing but "a secret band of robbers and murderers." Spooner's objection to majority-rule democracy by the secret ballot is fundamentally a moral one. Politicians and tax collectors posture as representatives and agents of "the people." But surely those who oppose their policies should not be held responsible for their actions. For example, those who advocated the trial of President Nixon and his associates for war crimes did not (to my knowledge) also advocate the indictment of every American citizen (including the war protestors themselves) for war crimes. If Nixon was acting as a mere agent, then the moral burden of his actions ultimately rests with those who voted for him and his policies. But, due to the secret ballot, those individuals cannot be identified. "If, then, nobody is individually responsible for the acts of Congress, the members of Congress are nobody's agents. And if they are nobody's agents, they are themselves individually responsible for their own acts" (p. 29).

Spooner sees this as the real motive for the secret ballot: people wish to exploit others without becoming known to them and without being morally accountable for their actions (see p. 32). Since the tax collector represents no identifiable individuals to whom one can have any obligations, he is acting as a private individual and has no more right to one's property than any other thief. Spooner argues further that oaths of office and loyalty, international treaties, and national debts are all invalid because one or more of the parties involved consists of unidentifiable individuals.

This is the main thrust of Spooner's argument. Plainly, nothing in it is objectionable to limited-government proponents. No libertarian could swallow the Social Contract Defense of plundering productive members of society. Nor could he condone the use of the secret ballot to shield looters and murderers by proxy from accountability for their actions.

Spooner is opposed to a secret government and to a government of looters. But is he opposed, without qualification, to government? "Evidently not" is the answer suggested by at least two passages in "No Treason #6." The first occurs in a paragraph cited in a popular Lysander Spooner poster, which begins, "For this reason, whoever desires liberty, should understand these facts . . ." The poster only lists the first two of six such facts, to the effect that paying one's taxes only leads to further enslavement to the State. But the fact relevant here is the last: "That no government, so called, can reasonably be trusted for a moment, or reasonably be supposed to have honest purposes in view, any longer than it depends wholly upon voluntary support" (p. 22). Spooner is here laying down a necessary condition for legitimate government: it must be voluntarily financed. He is asserting, not that no government is legitimate, but that no government that is financed by extortion is legitimate. Since the possibility of a legitimate government is thus left open, it is clearly consistent with the limited-government libertarian.

His remarks concerning the rôle of the North in the Civil War are also very suggestive:

> If their object had really been to abolish slavery, or maintain liberty or justice generally, they had only to say: *All, whether white or black, who want the protection of this government, shall have it; and all who do not want it, will be left in peace, so long as they leave us in peace.* Had they said this, slavery would necessarily have been abolished at once; the war would have been saved; and a thousand times nobler union than we have ever had would have been the result. It would have been a voluntary union of free men. . . . [p. 55, emphasis added.]

The implication is that the existence of government is compatible with the libertarian ideal of a "voluntary union of free men." The operations of the government are morally defensible insofar as it does not force anyone to contribute to its support, in the form of military conscription or taxation.

But from the fact that Spooner favors a limited government which is voluntary in *this* sense, it does not follow that he is advocating anarchocapitalism. For a government, even one founded on voluntary

consent, will not countenance competing "defense agencies" and judicial systems that employ punitive force against its citizens. That Spooner's government will not do this is implied by the unqualified character of his statement that others "will be left in peace, so long as they leave us in peace." This evidently contrasts with a scheme like Murray Rothbard's, in which "protection agencies" are supposed to coexist within an ill-defined "framework" of legal traditions applied by a farrago of appeals courts. (See Rothbard, "Free-Market Police, Courts, and Law," REASON, March 1973, and, for a criticism, my *New Guard* article cited above.) A government, properly speaking, will insist that grievances against its citizens be brought against them within its own judicial system and that enforcement occur through its agency or with its sanction. Insofar as a government achieves for itself a monopoly on the sanctioning of enforcement of laws over its citizens, the result is not anarchy.

I conclude that Spooner implicitly disagrees with those who hold that libertarianism entails anarchism, that the existence of government is incompatible with the state of freedom. He does not, admittedly, assert what he should have: that libertarianism is incompatible with anarchism. But his sympathies, as revealed in the passages cited above, lie with the limited-government position. ◻

CONDON

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who manage, immediately or over a period of time, to gain control and put to their own advantage the coercive power of the State.

Simply because some activity or transaction is not *illegal* doesn't mean the State has to get its grubby tentacles into the area and license it or otherwise control it. After all, many activities in our society aren't licensed or controlled. And this one—for the good of all of us and for the welfare and benefit of individuals who choose to enter into prostitution—should not be licensed either.

Prospects for the future would appear to be good, judging from the action being taken by prostitutes themselves and from the general opening up of our society, sexually and otherwise. With their effective and continuing attacks against the repressive status quo, such groups as COYOTE, ASP, and PONY should stand a good chance of making serious changes in the future.

Unfortunately, many (except for the Libertarian Party) who are inclined to support decriminalization for purposes of individual freedom and on constitutional grounds find little reason to apply such concepts to *economic* activities in general. This portends problems, because individual *and* economic freedom are involved in the battle raging over prostitution. Many who will fight to any end to guarantee what they see as *individual* rights and freedoms will fight just as hard to see that *economic* freedoms are proscribed and constricted by the State, in the name of the public good. Thus, the ongoing battle over licensing.

Again unfortunately, what should actually be a tremendous strength—the contemporary women's liberation movement—has in many respects become a hindrance. If the movement as a whole supported freedom on principle, whether individual or economic, male or female, the battle might already be won. But due to the often collectivist nature of the movement, many feminists have trouble reconciling themselves to fighting for someone's freedom to do something, to pursue a life style, that they find personally repugnant. As prostitutes impress upon members of the women's movement that they don't need "to have their consciousness raised and their legs crossed," perhaps feminists will come to play the more positive role they should be playing now in the fight for freeing prostitutes.

Finally, freedom for the prostitute means not just freedom for those who ply the profession, who choose the life style; it means more freedom for all the members of society: freedom from hypocrisy; freedom for individuals to join the profession they choose, to spend their time as they choose; sexual freedom for all, and perhaps most important, freedom from yet another set of irrational and hypocritical laws criminalizing an act without victims. ◻

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DAVID LEVY

CAN NEW YORK CITY BE SAVED?

The real world is providing students of economic theory a rare treat with the capital market's discipline of New York City's present legal system. Economists have learned a good deal about how the capital market disciplines firms which have been poorly managed: the *Wall Street Journal* regularly contains advertisements from investment groups attempting to purchase controlling interest in a company. Successful takeover bids are a well-known method by which the capital market fires the firm's decisionmakers. But the idea of the capital market breaking an entire legal system is not at all routine.

A very real temptation to those discussing public issues is to cast the discussion in terms of heroes and villains. It is certainly easier to point to a small number of choices made by prominent individuals that produced pleasant or unpleasant consequences than it is to trace the process through which collective choices result from public opinion. It is not terribly difficult to see that the newspaper accounts of the problems facing New York are insufficient. That is, it is difficult to believe that the city's expenditures on public assistance, education, or the salaries of city employees are in any simple way directly related to the current difficulties. New York has been making large expenditures for such things for a considerable period of time; yet the heavy discounting of the city's bonds by the capital market is something which has occurred rather recently. Obviously, there is some relation between expenditures and the city's difficulties, but not, I think, a very simple one. Rather, the forces which *produce* the expenditures on various services are at bottom the same forces which are bringing about the collapse of New York City.

THE ECONOMICS OF NYC'S PLIGHT

Two pieces of economic terminology are required for the argument. The first is that of a legal system. A legal system assigns the right to perform an action or the right to block the performance of an action. (See Ronald Coase, "The Problem of Social Cost," *Journal of Law and Economics,* 1960, pp. 1-44.) It is not important whether the right is de jure or simply de facto. I am using "assignment of right" as a shorthand notation to analyze the result of the existing legal system. Those who work within a natural right framework argue that people have a set of rights that must be respected in society and that the role of government is, or ought to be, to protect these rights. In my terminology, the existing legal assignment of the right to block a transaction may very well take away the possibility of enforcing an individual's natural right. For example, if there is a rent control law which sets a minimum price below the competitive price, you and I would have lost the enforceable right to effect a mutually beneficial trade at the latter price. Anyone who observes such an illegal transaction has the legal right to block it by notifying the police.

The second term required for the argument is "transaction cost." This is simply the minimum cost of obtaining the legal right to effect a transaction. (Thus, a brokerage fee is not a transaction cost, for it should be insensitive to the legal system.) Let me give an example. If I wish to operate a bookstore, there will characteristically be a cost to obtaining the right to do this: procuring a business license, filling out the state tax forms, etc. Mind you, I have not sold any books, but I have obtained the right to do so. If I wished to sell pornography, I would have to do all that I would to operate a reputable bookstore, and additionally put a lawyer on retainer to fend off the police and reduce the number of days I spend in jail.

LEGAL RIGHTS AND THE MARKET

There is an important aspect of different legal systems which has not been sufficiently studied; that is, what is the impact of different legal systems on what the market produces? (A change in the legal system will make no difference only if there are no transaction costs—see Coase.) It is, I think, New York City's legal system, as it has evolved, which is responsible for the city's present condition and which blocks any easy way out of the difficulty. The relation between a legal system and what firms will produce, however, is sufficiently indirect that an example might be useful.

A very real temptation is to cast the discussion in terms of heroes and villains.

It must have struck everyone interested in political and social controversy that the range of opinions presented on television is far more constricted than what one can find at even a mediocre newsstand. This difference is due largely to differences in the assignment of rights in the two industries. Magazine publishers have been given the right by the 1st and 14th Amendments to publish almost anything they please, allowance being made for certain statutory exceptions: classified government documents, libel, and pornography. They have been given, therefore, the right to annoy anyone. If an individual is in fact annoyed, he can cancel his subscription and write an angry letter, but not much else: there is no existing legal recourse. He could, if he wished, try to form a group to buy out the magazine or conduct a political campaign to change the law, but this line of action is usually too expensive to be pursued. People are not *that* annoyed. Thus, although many magazines annoy

David Levy is a Ph.D. candidate at the University of Chicago and teaches economics at the University of Kansas. His article "Learning Economics from Walt Disney World" appeared in REASON's October 1975 issue.

many people, the annoyed have no real sanction other than not subscribing.

Television broadcasters, on the other hand, do not have the right to broadcast. They hold licenses, good only for a few years, with renewal contingent upon their "public service." If a television station were to broadcast material which annoyed enough people to induce a sizable number of hostile letters to the Federal Communications Commission, the station would be in danger of having its license revoked. Loss of a license would be a multimillion-dollar loss if the TV station were in a metropolitan market. If the station wished to broadcast disturbing material, it would have to bribe those who would be annoyed *not* to write the FCC. Since this would be expensive and there is not much money to be made in truly controversial material, stations cannot afford to broadcast anything seriously offensive to any vocal group in its market.

POLISHING OFF THE BIG APPLE

The important point for analyzing New York's difficulties is that different legal assignments of rights result in important differences in the range of economic activity carried on. Indeed, what would be trivial outside of New York may be prohibitive inside.

The capital market finally was able to see that New York City was operating a Ponzi scheme.

What makes New York City's legal system so interesting is its multiplication of the rights of individuals to *block* transactions. Insufficient attention was paid to the difficulty that McDonald's had in obtaining the right to sell hamburgers in part of the city. The construction of a McDonald's store annoyed a significant number of people, whose complaints had to be taken seriously. The store was built eventually, but at no inconsiderable cost in obtaining the right.

Other examples are not trivial. It seems clear by now that under the existing legal system all sorts of eminently sensible transactions cannot be made. It does not seem to be possible to replace city-run activities with corresponding private activities. For example, private garbage collection is commonplace in many parts of the country. In New York the cost would be less if the city service were replaced, but it cannot be replaced. Nor does it seem to be possible to replace the welfare system with a straightforward cash grant system, even though a vast number of governmental employees (and their salaries) could be dispensed with. Nor does it seem to be possible to arrest the rapid decay of the city's housing stock by repeal of the rent control law. This last problem deserves detailed attention.

The effect of rent control on the state of a city's housing stock is absolutely predictable. If rents are controlled at below-market prices, and there is no low-cost method of evading the law, then landlords will have more potential tenants at the controlled prices than they require. One effective method of allocating apartments is by letting the buildings decay until the number of potential tenants just equals the number required to fill the building. If the building is allowed to decay, the owner saves maintenance expenses and, under rent control, will not lose any revenue. This brings a clear gain to the landlord.

The decay has been going on for a considerable period of time, but the storm hit in response to increases in the price of oil. The cost of operating an apartment building rose dramatically, but the right to raise the rent enough to offset this increase in New York is costly to obtain. So costly, indeed, that owners have simply abandoned their buildings to the mercies of arsonists.

FAIRWEATHER FRIENDS

This brings us to the role of the capital market. New York City discovered long ago that a promise of future tax receipts is readily marketable. Buyers in the capital market have been quite willing to trade cash for this promise of future revenue at very favorable rates because, in part, municipal bonds are exempt from Federal income tax, and, in part, because it was believed that these bonds are a first lien on the tax receipts.

Political entrepreneurs discovered long ago that by regularly marketing such promises of future tax receipts they could raise the probability of their election by increasing the standard of living of various groups. This access to the capital markets is important, because if the political entrepreneurs tried to increase the standard of living of these groups at the direct expense of other groups in the city, the victims of this redistribution could simply leave.

The capital market abandoned New York City, however, when the magnitude of the housing decay and the consequent future reduction in property-tax revenue, as well as the magnitude of the debts New York City had contracted, became clear. Not only were there billions in bonds to be eventually paid off, but also unknown billions in pensions contracted to municipal employees. It took a while, but the capital market finally was able to see that the city was operating a Ponzi scheme.

The revenue to pay off the bonds cannot be raised by increasing taxes over the long run, since the victims would move out and lose any liability for New York City's debts. It does not seem as if revenue can be raised by wholesale governmental reform. The right to fire government employees comes at a very considerable cost. It does not appear that revenue can be raised by encouraging new business activity. Indeed, the new securities-transfer tax may end the city's domination of the financial community. It does

not appear that the revenue can be raised by encouraging an increase in the housing stock by repeal of rent control. Many New York citizens have become very attached to the right to prohibit a rent increase. So where had the city planned to acquire the revenue to pay off the bonds? Why, by selling more bonds. Paying off the "first in" with the revenue from the "last in" is the defining characteristic of a Ponzi scheme.

SHAPING UP NEW YORK CITY

It is not difficult to write down a set of prescriptions for New York City that, if effected, would bring about the desired restoration of its financial reputation. The decay of the housing stock could be stopped by abolishing rent control. Expenditures for public services could be easily reduced by replacing government management with private provision of city services such as trash disposal and by substituting cash public-assistance payments for payments in the form of the services of social workers. A system of tuition/loan/scholarship assistance could be designed to replace the "free" tuition at the City University. There seems to me absolutely no doubt that the city would do very well to follow David Friedman's advice: sell its activities in small pieces. The next time garbagemen go out on strike, the city could sell its garbage collection facilities to a large number of private firms.

Note well: each of these proposals would abolish rights acquired by individuals through the existing legal system. For example, under current rent control law, the present tenants have a right to occupancy at the controlled rent. If they were to leave their apartments, they would be forced to move to non-price-controlled apartments or to buy from someone the right, de facto, to occupancy at the controlled rent. Say the controlled rent is $125 a month, but the price which other individuals would be willing to pay to rent this apartment is $200 a month. The landlord cannot raise the rent of the existing tenant or replace the existing tenant. The tenant has a right, worth $75 a month, to continue occupancy at $125 a month. If rent control were abolished, this valuable right would be abolished.

Similarly, city employees have acquired a de facto right to continued employment at an above-market wage. Abolition of this right by recontracting for city services would again result in a real loss to individual employees. A positive tuition would, of course, be a tax on middle and upper income students who would not receive offsetting grants.

INSUPERABLE OBSTACLES?

Hence, it is not at all clear that there exists a *feasible* path inside the New York City legal system by which it can restore a semblance of financial stability. The obvious, dramatic remedies require that a considerable number of individuals take a financial bath. It is equally obvious that a considerable number of individuals will stoutly resist such a fate. Presumably, the citizens of the city will have to convince themselves that the gain from the restoration of stability will be worth the cost of attaining it.

One of the tempting aspects of a formal default is that the decisions would be made for New York City outside its legal system, probably in the Federal courts under pressure from the city's creditors. A legal battle over who, in law, has first claim on city revenue would promise to restore full employment to the legal profession and to amuse that part of the general public which is neither long on New York City bonds nor long on pensions. But here, the legal rights acquired by individuals might simply be ended by fiat.

A less drastic possibility is compensation: for example, individuals who lose the right to occupancy at the controlled price would be paid off by those who would gain by the abolition of rent control. (If this were easy to accomplish, however, it would have been done already.) The city might pay some of the compensation in the form of discounted city bonds so that the restoration of the city's financial health brings with it financial gain to those individuals who otherwise lose in the process.

It is not at all clear that there exists a feasible *path to solution inside the NYC legal system.*

The people of New York City may believe, however, that they can continue to bluff the funds out of the other parts of the country. They may believe this, and this belief may lead them to conclude that no action is required on the fundamental flaws in the city's legal system. If the people of New York make this bet, and if they eventually lose, then a great many acquired rights may be abolished overnight in a bankruptcy court.

It is clear that at least one thing has changed in the last few months. No one seriously believes anymore that New York City bond holders will actually have first claim to city revenue in the event of default. The de facto default has solved that problem. This alone may shut the city out of the municipal bond market for a considerable period of time. The days of Ponzi financing are over.

The Federal assistance provided in President Ford's program has given the people of New York City a period of grace in which to negotiate with each other. If the assistance is not forthcoming in the future, then default, and government by fiat, may follow. This consequence may well be grim enough to induce the people of New York City to consider seriously their future.

USURY LAWS REVISITED

DAVID H. ROGERS

Many goods have been subject to price ceilings at one time or another in the United States, but there is one good in particular that has been price-regulated, almost without exception, from colonial times to the present day—money.

In a free market, that is, where people's choices to buy and sell goods are unobstructed by government(s), the price at which a good is bought and sold reflects a balancing of the respective decisions of buyers and sellers of the good. If it were offered at a higher price, some potential buyers would hold back or some potential sellers would rush into the market, resulting in a surplus of the good—excess supply. If offered at a lower price, the activities of buyers and sellers would be just the opposite, resulting in a shortage of the good—excess demand. The price arrived at in the market, balancing potential buyers' and sellers' decisions, is the *equilibrium price,* understandably so called.

It thus comes as no surprise that the effective imposition of a lower-than-equilibrium price ceiling results in unsatisfied demand for the good or service the price of which is regulated. But it is often overlooked that the ceiling's impact will vary, depending on whether the item is generally sold for cash or on credit.

For example, assume that two goods are available on a given day. Steel is being sold, only for cash, at $100 per ton, and money is being lent at 10 percent per year. Now suppose the government places ceilings of $90 per ton on the price of steel and 9 percent per year on the interest rate. Supply and demand are now in disequilibrium in both markets, as there are now *more* willing steel buyers and money borrowers, and probably *fewer* steel sellers and moneylenders, at the ceiling rates. But here the similarity ends.

Assuming that steel is not sold only to established customers, friends, etc., there is no way steel producers can differentiate among would-be buyers; all have cash in hand, and steel will most likely be allocated on a first-come-first-served basis. But not so with loans. The fact that money is borrowed *on credit* introduces an element of risk: what is the probability that the borrower will be able to pay off the loan? Since some people are better credit risks than others, lenders will reduce their loans *selectively* by rationing on the basis of risk. Some borrowers who would have qualified for 10-percent loans will now be excluded from the (9-percent) market. Thus, whereas price ceilings on most goods affect all purchasers about equally, loan-rate ceilings directly injure marginal borrowers whose creditworthiness would otherwise have been sufficient.

None of this is revolutionary. In fact, it is downright obvious. Yet the need to examine the effects of interest-rate ceilings is great; as of mid-1974, only one state, Massachusetts, had no bank usury laws on its statute books. And the specter of the "loan shark" remains vivid in the popular history of the late 19th and early 20th centuries. Cartoons of bloated capitalist moneylenders preying on poor working people still dot American-history books, fueling the widely held myth that this was an era of mass depredation and suffering.

For a case study of the effects of government intervention into the loan market, the experience in New York between about 1860 and 1920 is particularly valuable. Almost every issue we face today existed then. Although the particular circumstances have changed, the principles remain the same.

LENDING, PRE-1880 STYLE

Throughout much of the 19th century, especially in urban areas, pawnbrokers were a major source of personal loans. In 1828, for example, 149,000 pledges were reported by pawnbrokers in New York City alone (Rolf Nugent, *Consumer Credit and Banking* [New York: Russell Sage Foundation, 1939], p. 58). Despite the fact that pawnbrokers were unable to satisfy the rising demand for loans, especially by borrowers unable to offer personal goods as collateral, commercial banks were unwilling to enter the market on any but the most meager scale. Why? The maximum interest rate allowed by

David Rogers received his B.A. in economics from the University of Michigan and his Ph.D. from Columbia University in American economic history. He is presently an economist with B. F. Goodrich in Akron, Ohio. He is the author of Consumer Banking in New York, *in which parts of the present discussion appear.*

New York law at the time was six percent per year. Because this return was insufficient to cover costs, banks' so-called accommodation loans were universally unprofitable and thus justifiably unpopular with bankers. Although some loans were occasionally extended to well-to-do customers of long standing, such occurrences were quite rare.

Of course, because of the magnitude of economic growth throughout the century, banks found that their available funds could be employed readily and profitably at legal rates by the many expanding industrial and agricultural enterprises. But it is often assumed that this ease of placement mitigated the effects of the usury laws, a conclusion which is totally unjustified. Had banks been free to charge any rate on personal loans which was mutually acceptable to themselves and their customers, it is reasonable to assume that some portion of the funds extended to commercial enterprises, would have been loaned instead to individuals. Rate ceilings redistributed some funds away from their most profitable employment, thereby reducing total economic efficiency and utility and—perhaps most tragically—driving individuals whose needs could not be accommodated into the hands of the illegal small lenders, or loan sharks.

The loan sharks had two basic types of lending arrangements. Some loans were secured by wage assignments (liens on the borrower's future income). These ranged from $5 to $50 and carried an interest charge of from 10 to 40 percent per month. Other loans were secured by liens on household furniture (chattel mortgages) and ranged from $10 to $300. Because they were larger and less risky, rates generally varied from 5 to 20 percent per month. (Nugent, "The Loan Shark Problem," *Law and Contemporary Problems,* Winter 1941, p. 5.) (Other things being equal, larger loans generally carry a smaller interest rate because, as a percentage of the loan, fixed costs of lending vary inversely with loan size.)

THE HIGH PRICE OF MONEY

These interest rates were extremely high. Why did the loan sharks charge so much? They were able to because of the urgency with which the funds were sought; they *had* to because of the risk of both social condemnation and legal prosecution. In the absence of usury laws, the risk of ostracism is minimal; of prosecution, nonexistent. Hence, the would-be lower rate of legitimate creditors in the laws' absence.

Free from legal competition, the loan sharks adopted other practices to increase their revenues. For example, short maturities, to increase the frequency of refinancing and encourage delinquency charges, were common. No interest refunds were allowed for prepayment, and collection practices brought to bear on recalcitrant debtors were sometimes harsh.

By about 1880 the ubiquity of small lenders in New York and other states became the subject of considerable legislative inquiry. Two general "solutions" to the problem were undertaken: (a) stricter laws or more vigorous enforcement of existing laws against the practices of the small lenders and (b) encouragement of competition by relaxing or revising laws that had served as de facto barriers to entry. But were either of these approaches really effective?

In attempting to eliminate loan sharks by legal, rather than economic, means, legislators generally avoided fixing new and lower rate ceilings on all loans. Instead, noting that small loans were almost universally secured by either wage assignments or chattel mortgages, many states prohibited or regulated the use of one or both of these types of collateral (David J. Gallert, et al., *Small Loan Legislation* [New York: Russell Sage Foundation, 1932], p. 18). But the futility of this approach soon became obvious. A brief example of the law (and court interpretations) relating to wage assignments should illustrate the point.

The legal right to assign a claim for wages or income already earned at the time of the assignment had never been questioned. But with the increasing use of wage assignments as collateral for small loans, the courts were asked to rule upon the legality of the assignment of *future* wages. With few exceptions, it was held that this type of arrangement was valid in the presence of an existing employment contract. However, the assignment of future wages not "guaranteed" by existing employment was disallowed. (Gallert, pp. 181-84.)

LEGAL ATTACKS—THE EFFECT

The inequity of the ruling is obvious. The future earning power of any person is unquestionably an economic asset and thus provides a type of collateral. The fact that one is not working naturally makes the value of that asset more uncertain—but this additional risk is a factor which can be taken into account by a creditor and his client, with a concomitant adjustment in the rate of interest charged for the loan. The courts' refusal to allow such transactions was thus a clear violation of the rights of both parties to enter into voluntary agreements. Not only did existing rate ceilings effectively prohibit both the employed and the unemployed from contracting for small loans at relatively low rates, but now those whose need for credit was greatest were barred from the use of perhaps their most important asset as security on a loan of any type.

Rate ceilings drive individuals whose needs cannot be accommodated into the hands of loan sharks.

With the advent of this ruling, loan sharks often

entered into transactions known as wage purchases, whereby the lender "bought" a given amount of wages to be earned by the borrower. The purchase price was, of course, considerably less than the dollar value of the wages purchased. It was claimed that this was a sale, not a loan, and therefore not subject to the usury laws. In fact, most courts held that this *was* a loan agreement. Nevertheless, the practice continued; for risky borrowers whose needs could be met no other way, this type of loan was preferable to no credit at all.

Most western European countries had removed all usury laws in the mid-19th century.

The record of the various legal attempts to deal with the small lenders is extremely poor. A minor change in the details of a transaction was often sufficient to place it outside the purview of the law. Furthermore, to enforce laws violated by loan sharks, authorities generally had to rely on the complaints of their customers, and for a number of reasons—fear of retribution, ignorance of the law, and, primarily, an overriding need for the continued availability of loan funds in the future—small lenders remained relatively immune from prosecution. And, in all likelihood, had prosecution been widespread, the increased risks would not have done much but raise charges on illegal loans even higher.

REDUCING BARRIERS TO ENTRY

Legislators came to realize that further regulations would not ease the problem. They might even aggravate it. A different approach was gradually adopted, whereby new competitors were encouraged by liberalization of the usury ceiling to engage in cash lending. Although pre-1920 New York cash lenders also included credit unions and industrial banks, this discussion will only cover two types of institutions: remedial loan associations and licensed lenders (personal finance companies).

The first and most prominent remedial loan association in New York was the Provident Loan Society. It was incorporated in 1894 as a semiphilanthropic lender—although contributors of funds risked the loss of their principal, their maximum return on investment was strictly limited, with profits above a given rate automatically resulting in a decrease in charges to borrowers. The legislature's first step toward liberalization was a halting one; it allowed Provident to charge up to 12 percent per year. Located in New York City, Provident was relatively successful. Loan volume grew continuously, yet average loan size was kept low in order to "compete with the loan sharks" (Nugent, *Provident Loan Society of New York* [New York: Russell Sage Foundation, 1932], p. 9). Additional legislation in 1895 permitted the incorporation of other remedial lenders, but only a few came into existence and the loan sharks still held onto a very sizable share of the small loan market.

The founding of the Russell Sage Foundation in 1907 was of particular importance to the future of cash lending. Its studies of the small loan industry during the next two years and the data which it gathered on the actual costs of lending encouraged a search for intelligent alternatives to the current situation in the industry. With strong support from the foundation, the New York legislature enacted a law in 1913 that permitted individuals and corporations to engage in personal lending upon receipt of a state license. (Receipt of the license was a mere formality; the state was not empowered to refuse to issue it.) Rate ceilings were hiked to 24-36 percent per year, depending on loan size, which was limited to $200.

UNDOING A GOOD THING

This law, with provisions similar to those of the later Uniform Small Loan Law, marked the beginning of the regulated small loan business (licensed lending) in New York. The following year, in reaction to adverse publicity surrounding the liberal rate ceilings of the 1913 law, the maximum charge on any loan under $200 was reduced to 24 percent per year. Also, the Superintendent of Small Loans was empowered to refuse to issue lending licenses.

Perhaps due in part to this downward revision in the rate schedule—rate ceilings were generally higher in other states—the rate of growth of New York licensed lenders' loan volume between 1914 and 1930 was considerably lower than that of their non-New York counterparts. It was not until 1932, when the legislature revised the ceiling upward to 30-36 percent per year and increased the maximum loan size to $300, that New York licensed lending really took off.

With the completion of urban and suburban electrification in the first decades of this century, there came a tremendous expansion in the production of durable consumer goods. The concurrent growth of installment lending, boosted by liberalization of interest-rate ceilings, brought substantial benefits to consumers and borrowers in that it was no longer necessary to accumulate the entire purchase price of a good before having the use of it. Relative to earlier years, liberalization was an unmitigated success.

Why, then, did liberalization not proceed further? Why were rate ceilings not set even higher—or abolished altogether? Most western European countries had removed all usury laws in the mid-19th century. Why did the state demand the power to issue licenses to lenders on a discretionary basis? Why were loan size-limits retained? Answers to these questions are of particular relevance today, since present arguments against further liberalization are generally

based upon the same theories of competition and price determination which held sway decades ago.

REFORMIST BUNGLING

The motives of the reformers were quite laudable; most realized that the traditional six-percent usury rate was the cornerstone of a blackmarket for loans that for years had been decidedly injurious to the interests of borrowers. Indeed, the loan sharks owed their very existence to these laws. But the flaw in the reformist chain of reasoning was this: they voiced little opposition to rate ceilings *as such* but vociferously opposed laws which established the maximum rate at an "unreasonable" level. The implicit assumption, of course, was that they felt themselves capable of determining a reasonable rate.

Why the unwillingness to allow rates to be determined solely in the marketplace by borrowers and lenders? Most reformers and legislators believed that unlimited legal competition would necessarily be destructive. The market would become chaotic. Rates charged to borrowers would skyrocket. But these fears could hardly be justified. On a theoretical level, a universal outcome of competition is that the rates of return on capital in all industries, adjusted for risk, tend toward equality. Massive profits in one area induce the entry of new firms, increasing the supply of the product and thus lowering its price. This consideration is particularly apt in this case, since only a relatively small capital investment is needed to enter the loan industry. Furthermore, from historical viewpoint, even rudimentary knowledge of the economic history of postbellum America would have indicated that unregulated competition invariably resulted in a significant reduction in the prices of goods and services.

Last, but not least, it should have been clear that the abuses in the loan market that new legislation was designed to correct had themselves been caused by earlier legislators' desires to make sure that interest rates never reached "unreasonable" or "unconscionable" levels. It should not be difficult to grasp that a transaction occurs only if a gain is expected from the trade *by both parties* (and the expected gain is greater than from any other trade). So a loan will be made only if both lender *and* borrower expect to benefit from it. The term "unconscionable," or its equivalent, is meaningless.

Little thought seems to have been given to the relationship between loan availability and state licensing. Unless a state declines to wield its power to refuse licenses to those who request them—a most unlikely occurrence—the result is predictable: a reduction in the number of market participants and a decline in competition, manifested in lower supply and higher prices, due to the establishment of a legal monopoly of suppliers.

The fact that rate ceilings, albeit liberalized, continued to exist ensured that very small loans (which, as previously noted, required very high interest charges to cover costs) would continue to be made primarily by loan sharks. From 1915 to 1930, for example, the average loan size of unlicensed lenders, almost exclusively loan sharks, in the U.S. fell slightly, from $38 to $32, while that of licensed lenders rose from $55 to $145 (Louis N. Robinson and Rolf Nugent, *Regulation of the Small Loan Business* [New York: Russell Sage Foundation, 1935], p. 175). In fact, in 1928 New York State Attorney General Ottinger estimated that *illegal* interest paid in the state totalled $25,000,000 *annually (New York Times,* Feb. 17, 1928, p. 23).

SOCIAL SERVICE VS. PROFITS

What, with all this, was the fate of the Provident Loan Society? In the name of philanthropy, Provident had agreed prior to its incorporation that the return to its investors would always be strictly limited. Its primary source of funds was wealthy New York businessmen (including Schiff, Vanderbilt, and Morgan) who could easily afford a small return on a relatively insignificant share of their wealth and who would, additionally, receive a large amount of favorable publicity for their actions, so this policy was quite acceptable to them.

But the ceiling on earnings meant that *only* those who could afford a low return on their funds could invest in the organization. Consequently, Provident's ability to expand its operations was always quite limited—and potential benefits to New York borrow-

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ers were never realized. That Provident was a victim of its own social philosophy can be seen from the following statement in its own publication:

> Many of those who are closely connected with the Society share the view with a number of disinterested students that personal loans—even the small loans which must be transacted at a loss—constitute a *social obligation* as well as an opportunity for the banking and lending community. No lender, it is felt, can discharge his *social responsibility* if he merely skims the cream off the loan demand to which he caters. [*The Provident Loan Society of New York* (New York: William F. Fell, 1944), p. 35, emphasis added.]

Provident clearly accepted a false alternative: a firm can either serve the public or attempt to maximize its returns. On the contrary, the evidence indicates that the former purpose cannot be served if the latter cannot be. As proof, consider the following. In 1930, when less than 50 high-rate, profit-seeking licensed lenders operated in New York, with outstanding loans of less than $3,000,000, Provident held outstanding loans of $28,447,548. One decade later, after a 1932 increase in rate ceilings, when 313 licensed lenders had outstandings of $72,269,240, Provident held only $23,568,964.

It should have been clear that the abuses in the loan market had themselves been caused by earlier legislators.

SOME IMPLICATIONS FOR TODAY

What can be learned from the early New York experience? The same rate problems that existed 50 years ago continue to exist. Ceilings on lending charges abound. Many borrowers are unable to obtain credit from normal sources because legal and profitable lending have been rendered mutually exclusive. A recent report of the National Commission on Consumer Finance cited research showing that, for a typical finance company to extend a $100, one-year loan to a borrower of average creditworthiness, an effective rate of about 92 percent per year must be charged *merely to break even*! Of course, break-even rates fall precipitously as loan size increases, but even on a $300 loan a rate of 40 percent per year is required. (*Consumer Credit in the United States* [Washington, D.C.: Government Printing Office, 1972], pp. 141-45.) Since most state laws prohibit such high rates, personal loans of this size are generally unavailable to risky borrowers, who frequently have no access to other sources of personal loans, like bank credit cards. The only alternative? The neighborhood loan shark, whose rates are likely to be much higher. He must be compensated for the risk he is taking in offering the loan—potential legal expenses, payoffs to local law enforcement agencies, possible loss of income if arrested and convicted.

But the most important implications arise from the issue of government intervention. When any agency of government intervenes in any way in the economy, it is always with the express purpose of altering the terms of trade—either to make something happen which would not otherwise have occurred or to prevent some action which would otherwise have taken place. The specific outcome of any particular type of intervention is uncertain; the government action may or may not change anything. For example, if rate ceilings were set at 1,000 percent per year, loan availability would not be affected at all. But intervention would not be undertaken if it were not expected that some change *would,* in fact, occur.

Economic indictments of intervention can proceed on two levels: against the harmful effects of a given action or, equally important, against the setting of a precedent (that the government has the right to intervene in such and such a way) that, if applied to other concrete situations, would also be harmful. In either case, the inflicting of harm derives from the fact that individuals' choices have been overruled by force.

But the most crucial arguments against government intervention are not directly economic. Questions of force, voluntary action, etc.—in other words, of rights—are political, and at heart philosophical, issues. Discussions of market freedom and government intervention should be dealt with in more than solely economic terms. The fundamental question is not so much: what is the effect of a rate ceiling on the supply of loans? Or even: what are the effects of price controls? Rather: what are the implications for individuals' rights if government commands the power to override voluntary choices?

This is not to say that *economists* must *always* link economic analysis with philosophy; investigations of usury laws, general price ceilings, and the like are necessary and desirable. Of course, occasional success in dismantling or preventing government intervention can undoubtedly be achieved merely by reference to the economic consequences of that intervention. But, in the long run, narrowly economic analysis cannot succeed in establishing a free society.

That economic theory ties in with philosophy was once well understood; it is not an accident that economics was once known as political economy. But for most of the past century, with few exceptions, the link between politics and economics has been recognized *only by statists.* The present predicament of the world should serve as abundant evidence of the validity of their insight. It is a lesson that libertarians cannot afford to ignore.

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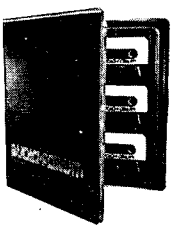

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FOREIGN CORRESPONDENT

TROUBLES IN SOUTHERN AFRICA

Pretoria, South Africa. Since my last report, the whole Southern African scene has been dominated by occurrences in our neighbors, Mozambique and Angola. They became independent territories during 1975. In Mozambique the great majority of the white and colored population fled to the Republic of South Africa and to Portugal. Hundreds of people, both black and white, have been reported killed. The economy is in a complete state of chaos. And because the inhabitants equate "freedom" with freedom from work, the chances for any improvement seem remote. Samora Machel, the Marxist leader of the ruling Frelimo government, immediately started collectivizing all farming operations. During February 1976 all real estate in the country, including that of foreigners, was nationalized. Predictably, both actions resulted in a mass exodus of the real producers. Machel further greatly antagonized the Macua tribe, numbering more than 25 percent of the total population, by forcing them into farming units. He also caused a split with the northern Makonde tribe, by appointing mostly southern blacks and coloreds to government posts. His warning to the population that their wages may have to be deferred for up to three years is definitely not alleviating the growing unrest—very fertile soil for Chinese and Russian imperialism.

In Angola the situation is even worse. Because the three competing independence movements, MPLA, UNITA and FNLA, could not compromise on the government of the country, Portugal removed its forces on the day of independence and left the groups to fight it out. And that is exactly what they are doing. The pro-Soviet MPLA, with the help of Cuban forces and Russian weaponry, are fighting the Socialist but pro-Western UNITA and FNLA (the latter formed a shaky coalition). The Republic of South Africa at first actively helped the latter group, but has withdrawn now to the border areas. The irony of the whole episode is of course that whoever wins, South Africa will have yet another Socialist neighbor.

What are the consequences for the 14 million inhabitants of Angola and Mozambique? The fact that there are a few parties at war with each other as to who should "rule" is self explanatory. Whether one slaves under a white ruler or a black ruler is irrelevant. As long as the slaves sanction the system under which they suffer, they will always be slaves. The issue of "freedom" for these inhabitants is the issue of having a new master. Let the people who advocate immediate majority rule in South Africa and Rhodesia take note. It would be very nice to have a minimal libertarian government and that is what South African libertarians would like to achieve. But as long as the choice is between being governed by a relatively informed white minority and a Socialist black majority, "apartheid" in South Africa will stay. Especially now that the white voters have seen developments in neighboring states.

DOMESTIC SCENE

At the moment the Angolan situation is overshadowing everything else in South Africa. Having a major war with Russian involvement developing on one's doorstep, is enough to make anyone jittery. Add to that America's reluctance to get involved (due mainly to the Vietnam debacle) and one has all the ingredients for uncertainty. How long this new situation will last, is anybody's guess. It has already caused a rupture between the black African states of which roughly 50 percent were for and 50 percent against the Russian-backed MPLA. According to our TV news flashes (can you believe it—we did get TV at the beginning of 1976) it has also caused a confrontation between Congress and the Ford-Kissinger alliance.

On the economic front South Africa had an 18 percent devaluation in 1975 due to the over optimism of the bureaucrats in predicting the gold price and to the excessive use of the printing press. Even now, the South African money supply is being increased at the suicidal rate of 20 percent per year. Inflation has abated slightly (price inflation, that is) from 18 percent to approximately 12 percent p.a. With the increase in the money supply, one can safely predict that it will soon pick up again. Unemployment, surprisingly, is relatively low.

On the libertarian front, this writer and five other professional men formed the **Free Market Foundation** in August 1975. We are gaining members at a fairly rapid rate, as a result of favourable press coverage and advertisements. It is unbelievable that so many potential proponents of the free market have been hiding in the woodwork—some of them even leading citizens. We publish a monthly bulletin, *The*

(continued on page 38)

VIEWPOINT

ON THE DECLINE OF GOOD THINGS

My efforts have usually been aimed at analysis, at understanding, at reaching a rational solution to problems we face. But this time I want to express my feelings. I am no poet and my efforts here have no precedent. But I think that emotions should at times be expressed in public, even by those of us who haven't mastered the ways to do it beautifully.

What I want to express is my immense sadness at the present decline of the quality of our culture. At times it hits me. I get all bunched up inside. I feel terrible sadness, usually at the sight of something simple, forgotten or rarely mentioned. A well-built office building. A superhighway. A great-looking automobile. A hamburger stand or a supermarket. Yes, walking by these or just seeing one on TV gets to me. These are the forgotten things of our culture, ones that no one hails, no one compliments, everyone either seems to take for granted or demeans by fancy ideological hogwash.

I came to America in 1956. I liked what I saw. As I travelled through Europe twice in recent years I could not keep from my mind how great this country I have chosen to live in actually is. How marvelous life here can be. Oh, I know all the shit and horror people can experience in America. But that is not my point now. I am simply crushed at the prospect of destroying all the great but "unremarkable" things we find around us. My car works so well, the gas I put into it is such a benefit. My home is full of items invented by forgotten heroes. Everywhere I go I meet up with these items that some people demean, denigrate, condemn, debase, etc. I feel pain and sometimes indignation when I perceive all the hostility unleashed at the things that make up this great industrial, capitalist, hustling, intense country I have chosen to live in and would not trade, even now, for anything else I know of on the face of the globe.

Don't you sometimes feel this emotion? I do. I swell up with tears. Yes, tears. I feel sadness and anger. I find it incredible that the Galbraiths and Naders of our land hate the things I love so much, or like at least, so often without even noticing them. The movies, songs, cars, gadgetry, science, art, music, and all the rest—nothing anywhere matches the array of "goods and services" that have been produced in the United States. I am overwhelmed at times.

No, this is not a scientific sample. Common sense dictates these observations. And my emotions are responses to what I perceive, helter skelter, off and on, here and there and everywhere. It is just incredible that there are folks who want to destroy it all. But there are such people. They hail other cultures, other values, other styles, other ways. The "American way" is not a precise term but such components as "Yankee ingenuity," "casual confidence," "ambition," "arrogance," "inventiveness," "hustling," and the lot make up a good portion of it. (My wife remarked in Europe that she missed the "clean young executive types" you can see everywhere in America. Whatever the details, I shared the feeling of loss. Especially when we visited Hungary to see my youngest sister. It was drab to the point I would not try to describe.)

Sure, I have my "system" within which I can understand why so many want to do away with the values and results of our distinctive culture. But when I perceive these values and results, when I learn of the vehement attacks upon it, then I am amazed. Why would anyone want to do away with all that? Why are man's products, his great achievements, his minor improvements on life and culture so despised? Why, why would anyone allow himself to work for the destruction of it all? No, I don't think it is a mystery. But I am baffled, in those moments of unreflective perception, about the irrationality, the stupidity, the callousness that must go into such nihilism.

These are outpourings. Not elegant, not even moving outpourings—those take skill in the art of expression. But I do not see much poetry devoted to the theme of *my* emotions. So I thought it worth expressing them in just the way I am doing it here. To what purpose? I am not sure. Perhaps only to put in on record that a rational person can feel the impact of irrationality around him. I feel sad. At the destruction, the insensitivity, the pointlessness of what is being done to a great culture.

TIBOR R. MACHAN

Tibor Machan teaches philosophy at SUNY-Fredonia. Dr. Machan's viewpoint appears in this column every third month, alternating with the viewpoints of Murray N. Rothbard and David Brudnoy.

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TRENDS

REGULATORY REFORM

Suddenly the hottest issue in Washington seems to be reform of the vast network of government regulatory agencies. Senators and Representatives of every political stripe are stumbling over one another to introduce legislation to reduce or reform the regulators, and to denounce "excessive" government control of business. Many of the proposals harken back to a suggestion made over 30 years ago by Supreme Court Justice William O. Douglas when he was chairman of the SEC: abolish every regulatory agency ten years after it comes into being, so that it does not become more of a problem than the alleged abuses it was set up to correct.

Among the specific legislative proposals being debated are the following:

- Sen. Dale Bumpers' plan would compel the courts to rule on whether agency rules and regulations are clearly within the intent set forth by Congress in setting up the agency. The burden of proof would be on the agency.
- Rep. William Whitehurst and 24 colleagues have introduced HR 7977 which would have Congress, rather than the courts, review proposed regulations before they go into effect. Under the bill, Congress would have 30 days in which to review the agency's proposed rules and strike out any provisions which do not conform to its intention in setting up the agency.
- Sen. Edmund Muskie has introduced legislation to require Congressional review of *every* Federal agency and program (not just regulatory agencies) every four years to determine if they should be continued or scrapped. Those not specifically reauthorized would automatically be abolished. Muskie notes that there are now 228 Federal health programs, 156 income security and social service programs, and 83 housing programs, among other things. There are 11 cabinet departments, 44 independent agencies, and 1240 advisory boards, committees, commissions, and councils. All would periodically be reexamined under his proposal.
- Rep. Abner Mikva has introduced a bill which would abolish all existing regulatory agencies that are more than 25 years old (as of July 4, 1976), and limit all newly created agencies to a seven-year lifetime.
- Finally, Sens. Charles Percy and Robert Byrd have introduced a bill to impose a rigid timetable for do-or-die reform of 35 regulatory agencies. The Regulatory Reform Act of 1976 would divide the 35 agencies into five groups and set a year of reckoning for each group—1977 through 1981. In each year of reckoning, the President would be required to submit a reform plan to Congress by March 15. If Congress had not enacted the plan by the end of the year, it would automatically become law unless specifically turned down by Congress. In that case, by the following June 30, if Congress had not enacted its own reform measure, the agencies involved would be abolished.

At the state level, the Colorado legislature is considering a "sunset" law which would abolish state regulatory agencies after seven years, unless the legislature specifically authorized their renewal. The burden of proof would be on the agencies to justify their existence. The bill was conceived and named by the Colorado chapter of Common Cause, and breezed through the Colorado House by a vote of 55-11; passage in the Senate seems likely. The national Common Cause organization has made a national "sunset" law one of its legislative priorities.

SOURCES:

- "Regulatory Agency Failings Cost the Public Billions," Jack Anderson (column), Oct. 12, 1975.
- "Proposal Aimed at Agency Power Abuse," *National Health Federation Bulletin,* Feb. 1976, p. 13.
- "Regulatory Control," Richard Suter, *The Illinois Libertarian,* Jan. 1976, p. 7.
- "Muscle-Bound—*and* Fat-Bound," Editorial, *Los Angeles Times,* Feb. 18, 1976.
- News item, *Southern Libertarian Messenger,* Sept. 1975, p. 1.
- "Plan Would Force U.S. to Reform or Kill Regulatory Agencies," *Los Angeles Times,* Dec. 18, 1975.
- "Agencies' Cutoff Proposed," Neal R. Peirce, *Los Angeles Times,* Mar. 7, 1976.

CHALLENGING MILK CONTROLS

The Federal and state system for supporting milk prices and limiting production (see "Milk, Money, and Monopoly," REASON, March 1976) is coming under increasing attack. At the Federal level, the Council on Wage and Price Stability is investigating the government's program of price supports, market orders, and import quotas to determine their effect on raising milk prices above free-market levels. The Council has contracted with the Public Interest Economics Center to study the issue.

State level actions are taking place at the grass-roots level in New Jersey and California. In the former state, a family-owned dairy farm which processes and retails its own milk and milk products is defying state minimum price regulations. Farmer Gilbert Taylor, whose license has been revoked by the state, explains: "I'm tired of the State telling a farmer who produces his own milk how much he can charge. We're not concerned about minimum prices—*it's our farm and our milk and we have the right to sell it for what we please.*" Taylor notes that farmers who produce and sell their own milk are exempt from Federal marketing orders and that this should exempt him from state regulation as well.

In California, the Consumers Cooperative of Berkeley is challenging that state's 39-year-old retail milk price law. The Co-op has been charging less than the prescribed minimum price (69¢ per half gallon) for milk at its 13 Bay Area markets. The state is seeking an injunction to force the Co-op to comply with the law, which it considers unconstitutional. Wholesale price controls have been suspended in California for the past year, and an experimental suspension of retail price controls in Sacramento has resulted in a decrease to 64¢ (after an initial drop all the way to 59¢ per half gallon). A bill to abolish all milk price controls failed to pass in the 1975 legislature, but will be reintroduced this year.

SOURCES:

- "Pay-Price Unit Steps Up Study of Impact of U.S. Regulation on Firms, Consumers," *Wall Street Journal,* Oct. 7, 1975.
- "Long Valley Farmer Fights State to Sell His Dairy Products Below Minimum Prices," *Jersey Free Press,* Aug. 13, 1975.
- "Berkeley Co-op Will Challenge State Law Setting Minimum Prices for Milk," *Los Angeles Times,* Feb. 22, 1976.

PROTECTING MARITAL PRIVACY

In two similar cases, Arizona and New Mexico laws regulating sexual behavior between consenting adults have been declared unconstitutional. Both cases relied on the landmark case of Griswold v. Connecticut in which the U.S. Supreme Court recognized the right to marital privacy, as an unenumerated right under the Ninth Amendment. In New Mexico, the Court of Appeals ruled unconstitutional an anti-sodomy statute, on grounds that it infringed the privacy of marriage and violated the privacy of the home. Although the case in question involved the possibility that force had been used, the Court used the occasion to rule on the general constitutionality of the law, which flatly prohibited *all* such acts.

In the Arizona case, that state's Court of

Appeals, again citing Griswold, struck down laws making buggery and oral copulation criminal regardless of consent or circumstances. The court noted that "We know of no marital 'intimacy' more intimate than that of how married partners consentually conduct their sexual activities. We are therefore drawn to the conclusion that such consenting activity indulged in in private is one of the 'fundamental' rights inherent in the marriage relationship and as such is constitutionally protected. . . ." Since this case, too, involved the possibility that force had been used, the court noted that nothing in its decision would prevent the legislature from enacting a statute which would prohibit either marriage partner from sexually assaulting the other.

SOURCES:
- "Privacy Rights of Marriage and Home Void Anti-Sodomy Statute," *U.S. Law Week*, July 29, 1975.
- "Arizona Criminal Buggery, Oral Copulation Laws Are Struck Down," *Ibid.*, Nov. 11, 1975.

CONTRA ECONOMIC PLANNING

An impressive challenge to advocates of national economic planning has been issued by the Law and Economics Center of the University of Miami School of Law (see Spotlight, this issue). The challenge takes the form of a thick, 1750-page *Catalog of Research Issues for Understanding National Economic Planning.*

The catalog raises a variety of questions which must be answered before "any mechanism purporting to plan intelligently for the American economy can be justified operationally." Law and Economics Center director Henry Manne says the catalog is "the thorough and most cogent set of first-level questions about the nitty-gritty stuff of planning yet produced." Despite this, the study's authors consider that their work represents merely "the tip of a gargantuan iceberg."

The point of all this is to demonstrate the futility of attempting to centrally plan for anything as complex as the U.S. economy. "There does not exist in the United States a single industry or governmental operation about which enough is known to make the kinds of decisions central planners would have to make for this country's thousands of industries, millions of firms, and numerous governing units at incredible speed and under constantly changing circumstances," says Dr. Manne. "To those who make their living proposing such studies and purporting to do them, this work must come as something of a bitter disappointment. To those politicians for whom central economic planning glitters with the promise of political power beyond its present scale, this study should return their feet—and their eyes—to the ground."

The catalog is intended as a challenge to the "Balanced Growth and Economic Planning Act of 1975," sponsored by Sens. Humphrey and Javits, and to the Initiative Committee for National Economic Planning, headed by Harvard's Wassily Leontief.

SOURCE:
- "New 1750 Page 'Catalog' of Questions Challenges Economic Planning Act," news release, University of Miami, Feb. 23, 1976.

STIMULATING UNEMPLOYMENT

What many people have long suspected about government unemployment insurance (UI) programs—that they actually increase unemployment—has now been demonstrated by a Harvard economist. Based on 1971 data from Massachusetts, Prof. Martin Feldstein estimates that the present UI system adds about 1.25 percentage points to the unemployment rate, raising it, for example, from 6.25 to 7.5 percent. It does this in two ways:
- First, UI encourages benefit recipients to remain jobless longer than they otherwise would. Even though UI benefits may replace only half of the worker's gross wages, they actually replace much more of his take-home pay (in some cases nearly 100 percent) because they are tax-exempt. Consequently, since they are losing very little in real income, unemployed workers take more time in looking

COMING NEXT MONTH

June brings REASON's third annual Special Financial Issue. This year's issue features advice and commentary from Rene Baxter, Harry Browne, Donald Hoppe, Jim McKeever, Harry Schultz, William F. Rickenbacker, Don Stephens, Gary North, and many other financial and economic experts. A complete range of investment, wealth protection, and survival methods is covered, ranging from tax shelters and tax havens to rare coins and rare stamps, gold futures, setting up your own corporation, and building a rural retreat. Want to know the prospects for gold clause legalization? How to detect counterfeit coins? How to choose a self-defense weapon? They're all covered in this big Special Issue.

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J. R. Blakely is perhaps uniquely suited for taking an objective look at the gold market today. He is both a precious metals specialist and a former Assistant Editor of *Consumer Reports*, a national magazine long noted for its integrity in evaluating consumer products. In "Gold: Which Way Now?" Mr. Blakely brings you impartial, in-depth news and analysis of the major forces acting on the gold market. He tells you in clear, non-technical English the information you need to make critically important decisions about the role of gold in your own investment program.

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for another job.

• Second, the way UI taxes are levied on employers encourages them to lay off workers. This is because once an employer has laid off some workers (and is therefore paying UI taxes at the maximum rate), the extra tax cost of further layoffs is zero. In effect, the stable employers are then subsidizing the unstable employers.

What to do? Feldstein recommends reducing the net level of UI benefits, either by reducing UI benefit levels outright or by making them taxable. He also proposes the introduction of full "experience rating" of employers, to make UI taxes more directly related to the extent of layoffs. Clearly, something should be done when the problem is of such obvious magnitude that even Hubert Humphrey "has begun to question whether the UI system has been subverted into an income maintenance system far removed from its original intention of tiding workers over temporary spells of unemployment."

SOURCE:

• "Does Aid for the Jobless Create More Jobless?" *Business Week,* Nov. 17, 1975, p. 142.

MILESTONES

• *Private Property.* The U.S. Supreme Court, overturning its own previous decision, has ruled that striking workers do not have a right to enter a privately-owned shopping center to set up a picket line, without permission from the center's owners. The 6-2 decision explicitly overturned the Warren Court's 1968 ruling which had permitted limited picketing on the dubious theory that the walkways of shopping centers had become the "functional equivalent" of public streets. The new majority decision relied heavily on Justice Hugo Black's dissent in the earlier case, in which he argued that the Warren Court majority had, in effect, allowed union organizers to confiscate private property for their own use. Justice Stewart, writing for the present majority, said that forcing a shopping center "to supply picketing areas for pickets to drive store customers away" totally disregarded "the constitutional basis on which private ownership rests in this country." (Source: "High Court Upholds Private Land Rights, Bars Pickets," *Los Angeles Times,* Mar. 4, 1976)

• *Due Process.* Citizens of California may feel somewhat more secure in their homes, thanks to a recent ruling by the state Supreme Court. In a 5-2 decision the court held that warrantless arrests of people within their own homes are unconstitutional (in the absence of "an emergency situation requiring swift action to prevent imminent danger to life or serious damage to property or to forestall the imminent escape of a suspect or destruction of evidence."). (Source: "Warrantless Arrest in Home Ruled Invalid," AP (San Francisco), Feb. 26, 1976)

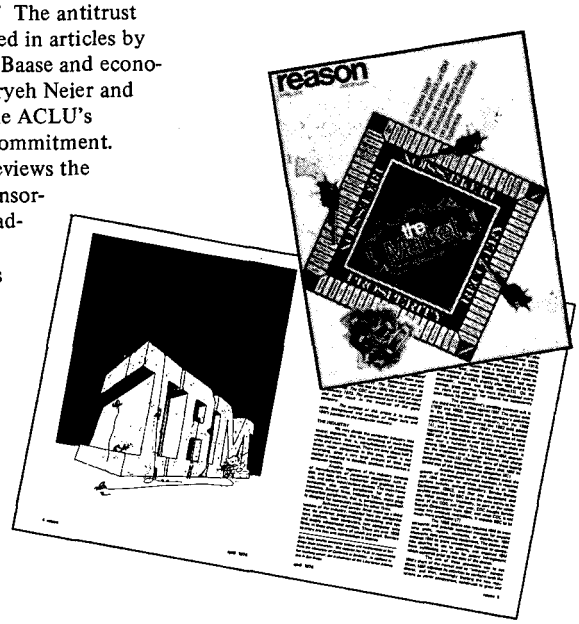
• *Justice.* A major change in criminal sentencing policy has been urged by a liberal study group. The privately-funded Committee for the Study of Incarceration has concluded after four years of study that rehabilitation should be abandoned as the goal of sentencing because there is little evidence that it works. An offender should be sentenced on the basis of the seriousness of the crime and his role in commiting it, regardless of his background or prospects for rehabilitation, the group concluded. Violent criminals should be jailed, "*because they deserve it.*" The Committee was headed by former Sen. Charles Goodell of New York. (Source: "Let Sentence Reflect Crime, Group Urges," AP (Washington), Feb. 28, 1976) ◻

This column reports trends in the advancement of individual liberty and the rediscovery of economic freedom. Readers are invited to submit material of potential interest.

Have You Seen...

APRIL 1974 **$1.00**

This issue features a hard-hitting article by Prof. Henry G. Manne titled "Fighting Back Against Controls." The antitrust attack on IBM is explored in articles by computer scientist Sara Baase and economist Alan Reynolds. Aryeh Neier and Thomas Szasz debate the ACLU's record on involuntary commitment. And Diane Alexander reviews the flimsy arguments for censoring pornography. Plus advice on Mexican peso investments and reviews of *Money and Man* and *The Lady and the Tycoon.*



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BOOKS

THE OCCULT TECHNOLOGY OF POWER. Anonymous. Dearborn, MI: Alpine Enterprises. 1974. 35 pp. $2.00.

Reviewed by JOE COBB

One of the most delightful little books of the last few years is either a satire or an updated version of Machiavelli's *Il Principe.* Written with a cynical, yet very clever statement of the techniques and methods with which "the father" has successfully consolidated and maintained a financial and political empire, the book presents a scenario which many readers will find persuasive. The fictional setting is given as the 30th birthday of "the son," heir-apparent to the reins of power. His father has gathered together seven close advisors at a weekend retreat to explain the family business, and to initiate "the son" into the brotherhood. The book is presented as the transcripts of that initiation.

The writer ("transcriber") comments: "Any resemblance of these characters to persons living or dead is purely coincidental. Any resemblance of their methodology to that of real ruling elites is purely intentional." This comment is in the last chapter, of course. In the first chapter he says: "My son, . . . I have chosen you to be heir to my empire." Come all ye who lust after Power. Lick your chops—and read on!

Whether or not you accept the hypothesis of an international insiders' conspiracy, you must acknowledge the popularity of such an idea. The most eager supporters of conspiracy theories are young left-wing students and radical rightists. The U.S. Labor Party is very concerned about Nelson Rockefeller, only a heartbeat away from the Presidency. The Socialist Workers Party is positively convinced that giant corporations and finance capitalists rule the world. Anyone who puzzles over world affairs, and feels powerless to affect events, is susceptible to a conspiracy theory.

The Occult Technology of Power should be a best seller among the Left. This reviewer would hope so, because the book is a good little primer on the economics of inflation and central banking. The writer argues in Chapter 2—entitled "On Occult Knowledge as the Key to Power"—that when secret magic tricks become public knowledge, the people become immune to mysticism and deception. The example of ancient astrology is interesting. The priests could use their mathematics and scrolls to predict the seasons. The common people, however, who based their planting and harvesting on the seasons could hardly even count to 21 (since few had six toes). The priests were able to sell their secret knowledge for wealth, power, and human sacrifices. Today, of course, astronomy is taught in grade schools and astrologers no longer frighten kings with their secret, occult powers.

Chapter 3 is entitled, "On the Economics of Central Banking." The writer points out that the common people no longer depend on the seasons, but the inflation and unemployment cycle is fearful and dangerous in a complex economic system. The little guy is afraid of losing his job, and the politician is afraid of protest at the polls. The modern occult "science" is economic prophecy

Certainly the United States would have been spared a large measure of our current economic malaise if Nixon had not imposed wage-price controls in 1971. You will recall that at that time the pressure to "do something" about inflation, which had risen to 4.5 percent ("intolerable"), had become almost irresistible—and controls were very popular for a while. This is an example of modern mysticism, based on a massive public ignorance of economics. Who can doubt that if more people understood the sources of inflation, Congress would find itself eagerly slashing those so-called "uncontrollable" expenditures. Instead of demanding more credit expansion, the friends of the little guy might demand some price stability or deflation instead.

The purpose of this book, aside from the author's profit motive (a noble purpose, to be sure), is summed up near the end by one of the young man's professors: "However, a trend toward rationality in human affairs plods along inexorably quite outside the reach of our power. . . . Some have theorized that, eventually, widespread rational egoism will overturn our order." The little book is written as if it were a set of lectures by the central philosophers of a master conspiracy. Their personal viewpoint is rational egoism, but they want to keep the wisdom of this perspective secret—since it is impossible to exploit a person who maintains a self-conscious, self-interested frame of reference.

By this time you have probably guessed that the writer, who remains anonymous as would befit an insider, is familiar with the writings of the libertarian philosophers. Insidiously, he counsels the young man, ". . . in the current era, while minds are yet in the thrall of altruistic, collectivistic, and divine moralistic spooks, the egoist's rational course is to utilize such spooks to control others." This is a very neat twist to the usual presentation libertarian writers make. It seems that Alpine Enterprises has given us a libertarian version of the *Screwtape Letters.*

This reviewer is very pleased with the discovery of a text we had at first avoided because of its title. The little book is very much worth its price. As Prof. Mises used to say, "Vote with your dollars." A vote of appreciation is in order. ◻

Joe Cobb is a director and Secretary of the Economic Civil Liberties Association. He is employed as Fiscal Officer of the Industrial Commission of Illinois.

BILLIE JEAN. By Billie Jean King with Kim Chapin. New York: Harper & Row. 1974. 208 pp. $6.95.

Reviewed by O. ROSNER

"You've got to read this—you're Dagny Taggart," a friend said giving Billie Jean King a copy of *Atlas Shrugged.* The book had a profound effect on Billie Jean. She learned from it why her love of tennis was a source of both strength and weakness; and why her success bred envy and hatred. It helped her cease worrying whether she was "helping tennis" or acting from self-interest. And it enabled her to even stop "having to justify the money" she made.

For Billie Jean, *Atlas Shrugged* was the summation of a career that had seen her rise from one-of-the-crowd to the best in tennis; from poverty to prosperity; and from a good-goody ball of fluff to a hard-core women's liberationist.

And it was the prelude to the current stage in her career, which has seen her become a successful entrepreneur and perhaps the

(continued on page 44)

MOVIES

• James Brolin and Jill Clayburgh are not look-alikes—or act-alikes—for Clark Gable and Carole Lombard. And the film **GABLE AND LOMBARD** can be faulted for its Hollywood gloss and soap-opera plotting. But despite these drawbacks, it is an enjoyable movie in its own right, full of humor and an old-fashioned romanticism that have been missing from most movies of late. The film traces their relationship from an inauspicious meeting at a Beverly Hills party, through a stormy courtship and secret affair, to their public confrontation with Hollywood's then-puritanical moral code. Jill Clayburgh as the salty, acid-tongued, iconoclastic Lombard has by far the better of the two roles. She is daring, adventurous, and more than willing to risk her career for the right to live her own private life. James Brolin, by contrast, plays Gable as somewhat of a self-sacrificing boob, lacking much of the charisma of the genuine article. Allen Garfield plays Louis B. Mayer as if he were a fussy, nagging mother. Effective in supporting roles are Red Buttons as Gable's loyal friend, and Joanne Linville as Gable's embittered wife, who refuses to give him a divorce. The photography is evocative of an earlier and more glamorous Hollywood, and Sidney Furie's direction flows smoothly from scene to scene. The historical accuracy of *Gable and Lombard* is open to question, and fans of the two stars may have some legitimate complaints about the respective portrayals. But taken for no more than what it is—a Hollywood biography of a famous Hollywood couple—the movie is good, solid entertainment. Rated "R."—**Charles F. Barr**

• One of the more serious defects of the MPAA rating system is its tendency to arouse false expectations. Take, for example, **INSERTS**, John Byrum's film about a pornographer in the early days of Hollywood that has managed to acquire an inappropriate "X" rating, no one under 18 admitted. But for this rating, it is doubtful that there would be as many people over 18 as there are lined up to get in to see it. To be fair, the makers of *Inserts* did not seek the "X" rating and fought unsuccessfully to have it changed. The reasons for their failure are far from clear, since the film's greatest transgression from the MPAA's viewpoint seems to be an overindulgence in what must be admitted are pretty small breasts and a few too many rude words. As for the simulated sex, there is hardly a film released today that does not offer this spectacle in varying degrees. None of this is to say, however, that the film should be overlooked. Byrum has assembled a cast of five actors, each of whom gives a remarkably fine performance. Especially noteworthy are Richard Dreyfuss and Jessica Harper. Dreyfuss is Boy Wonder, a young director whose life and career are on the skids. A former prodigy of the silent screen, he now spends his time drinking brandy out of a bottle and shooting stag films in his home, which is about to be condemned to make room for a freeway. Jessica Harper plays Miss Cake, the girlfriend of Dreyfuss' producer, whose ruthless ambition to become a star hides behind a teasing innocence that succeeds briefly in seducing the cynical Boy Wonder. But while the performances are uniformly gratifying, the film itself is disappointingly superficial, a pretentious one-act comedy instead of the fascinating story behind the Boy Wonder's decline that should, but never does, emerge. Fortunately, Dreyfuss is an actor of substantial talent who, much like Gene Hackman, is able to command attention in spite of weak material. It is the strength of this talent and that of the supporting cast of *Inserts* that makes the film worthy of recommendation. Rated "X."
—**James F. Carey**

Jill Clayburgh and James Brolin meet at a Beverly Hills party in Gable and Lombard.

FOREIGN CORRESPONDENT

(continued from page 32)

Individualist. Through our endeavours, a meeting of all the leading non-governmental financial figures was held in January 1976 where it was decided to form a National Free Market society. The sole aim of this society shall be the promotion of the unhampered market system. Some of the major universities have contacted us to assist them with the introduction of the literature of Von Mises, Hayek, Rothbard, etc. in their economics courses. The South African press has published some of our articles and at least one financial magazine has pledged its active support.

MARC SWANEPOEL

LUCIFER'S LEXICON
by L. A. Rollins

bureaucracy, n. A perpetual inertia machine.

certitude, n. A feeling of complete certainty, often experienced in one's bones, especially the head.

collective leadership, n. In the Soviet Union, the cult of impersonality.

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SPOTLIGHT

One of the major reasons for the growth of State intervention into economic activities in the 20th century is widespread ignorance of economics. This kind of ignorance is not limited to the man in the street; it extends to judges, corporate officials, legislative staffs, government agency personnel, etc.—in short, to many of the people who do the work that ends up shaping "public policy." It is the conviction of a growing number of scholars that progress toward achieving a free economy requires extensive education in the interactions of the State and the economy—an area of study known as "law and economics."

The concept of law and economics as a specialized field of study originated in the early 1960's at the University of Chicago and is exemplified by *The Journal of Law and Economics.* But the concept began getting more widespread attention six years ago, thanks to the work of Henry G. Manne. Then Kenan Professor of Law and Political Science at the University of Rochester, Manne conceived and developed an annual Summer Economics Institute for Law Professors. Bringing in such distinguished free-market economists as UCLA's Armen Alchian and Harold Demsetz, Manne made the annual institutes a highly successful endeavor, for which there are now five times as many applicants as openings.

It was in 1974, however, that the law and economics concept took a quantum leap forward. That September Manne founded and became director of the Law and Economics Center at the University of Miami School of Law. In short order, the Center has attracted impressive foundation support and launched an ambitious program of activities to advance understanding of the effects of government on the economy. Under Manne's guidance, the Center's activities include:

- A law fellowship program under which economists receive a professional degree in law;
- Interdisciplinary conferences on important public issues, bringing together both legal and economic scholars;
- Continuation of the economics institutes for law-related personnel; and
- Conducting research and publishing the results.

In its first year the Center held two important conferences, one on gold clause contracts and the other on auto safety regulation. It also conducted three teaching institutes—for law professors, Congressional staff aides, and law review editors. The Center ended its first year with an academic staff of eight, including Manne and his associate director, economist Roger Miller. Its current (1975-76) year has featured conferences on national economic planning and on advertising and free speech, with another on the law and economics of deregulation scheduled for May. In the works are an economics institute for Federal judges, expansion of the Center's research capability, and the introduction of a special master's degree program in law "with a specialty in economics."

The success of the Law and Economics Center is only the latest achievement of 48-year-old Henry Manne, an energetic and outspoken advocate of the free market, whose resume already runs to eight pages. Manne earned his B.A. at Vanderbilt University, his J.D. from the University of Chicago, and the LL.M. and J.S.D. degrees from Yale. He has held regular faculty positions at St. Louis University, George Washington University, and the University of Rochester, prior to becoming Distinguished Professor of Law at the University of Miami. In addition, he has served as visiting professor at such schools as Stanford, UCLA, Michigan, and Wisconsin, and has done research at the Hudson Institute and the Hoover Institution.

HENRY G. MANNE

Manne is a member of the bar in Illinois and New York and has been admitted to practice before the U.S. Supreme Court. Among his many affiliations, he serves as a trustee of the Foundation for Economic Education, a director of the Mont Pelerin Society, first vice president of the Philadelphia Society, and member of the academic consulting board of the Institute for Humane Studies. He has published seven books and on the order of 60 articles at last count, in publications ranging from law reviews and other scholarly journals to *Barron's, Challenge, Harvard Business Review, The Public Interest,* and REASON. Much of his research has focused on the stock market and securities regulation, while his articles have dealt mainly with issues affecting the role of corporations in today's mixed economy.

One of Manne's recent projects was the drafting (with Roger Miller and James Mofsky) of a piece of legislation. The proposed Florida Economic Disclosure Act would require all state agencies to justify their proposed actions by preparing an economic impact statement. In it, the agency would have to prove that the proposed action (1) is legal, (2) is the least-cost method for achieving the stated purpose, (3) is more cost-effective than doing nothing, and (4) represents the most efficient use of public and private resources. In addition the statement would have to spell out the effect of the action on competition, on preserving an open market for labor, and on all persons substantially effected (as to either costs or benefits). Manne gives it a "fair" chance to pass in the 1976 legislature.

The Economic Disclosure Act is a good illustration of the kind of practical outputs that can result from the collaboration of lawyers and economists. The need for such work is evidently well recognized, judging from the financial support Manne's center is receiving. As Manne puts it: "Few academic institutions in the United States seem capable of dealing with the intermesh of economic and legal policies in a rigorous, objective fashion. They typically demonstrate either a methodological bias toward extremely mathematical work or a doctrinal bias in favor of governmental regulation. The Law and Economics Center's fund raising success would then seem attributable mainly to a widespread recognition that its mission and program have long been needed on the American scene. There is no other university center in the country dealing with topical issues concerning private economic freedom that does rigorously scholarly research, trains new scholars for more work, and disseminates its work product to the larger academic community." One can only wish Dr. Manne and the Center continued success in these important endeavors. ◻

Readers are invited to nominate persons to be featured in this column. Send details to Spotlight, c/o REASON, Box 6151, Santa Barbara, CA 93111.

SCI-FI

INNOCENT ABROAD

Happy birthday, America!

Not the bicentennial, which is already upon us, but the *quincentennial,* which is being celebrated by Arthur C. Clarke in his new novel, *Imperial Earth.*

One of the Grand Old Men of science fiction, Clarke had earned international recognition even before the famous collaboration with Stanley Kubrick on *2001*—something many sf fans considered a mixed blessing. Besides writing sf, Clarke was the first—in 1945—to propose a global system of communications satellites. The idea wasn't practical then, so he couldn't patent it; by the time it was practical, it was too late after his published description to patent it. So he did the next best thing—made a fortune by writing articles about how he had missed out on a fortune inventing Telstar.

Imperial Earth isn't exactly about America—at least, not *our* America. It starts out on Titan, which is the largest Moon of Saturn and, as Carl Sagan will tell you, one of the most interesting worlds in the solar system. Among other things, it has a potential corner on the system's hydrogen supply for a future interplanetary economy based on thermonuclear power. . . .

Malcolm Mackenzie was the first to realize Titan's possibilities, in the 2180's, and founded a settlement there. Unable to reproduce himself naturally because of genetic damage, he had himself cloned to keep leadership of Titan in the "family." His son did likewise, and in 2276, Duncan Makenzie (It was too much trouble to rectify a computer error in the spelling of the family name) is the third "generation."

Now it is Duncan's turn to make the pilgrimage to Earth—both to cement economic and social ties, and to have his own "heir" cloned. He has personal reasons for the journey too—looking up an Earth girl named Calindy whom he lost to a rival, Karl Helmer, when she visited Titan years back. He and Helmer had been lovers (bisexuality is casually accepted 300 years hence) but are enemies now.

It just happens to be the 500th Anniversary of American independence this year, and Duncan has an official invitation to take part in the ceremonies. Yes, there's still an America—it's back up to 45 states for the occasion, Alaska and Hawaii having rejoined the Union for Old Time's Sake. So, having exercised for months on the trip from Titan in order to withstand the ferocious Terran gravity, Duncan disembarks, clutching his *Earth in Ten Days* travel book. America has changed a lot, of course. Since the population crash of the 21st Century, the teeming multitudes are no more, and most of the countryside has gone back to forest. If Titan lives in the future, America—and Earth—live in the past, tending their memories and their monuments. Not *really* decadent, the Earthmen insist—but the next generation will be.

There's a lot of gentle humor in *Imperial Earth.* Duncan's host is named George Washington, and Washington has what is apparently the last farm in a world where synthetic food is the norm. The Daughters of the Revolutions now count descendants of Lenin and Mao among their members—but they still wear silly hats. New York has preserved the Empire State Building but, wisely, not the World Trade Center. Memories are hazy about historical events like Watergate. . . .

Readers familiar with Clarke are used to spectacular conceptions and events—the Galactic Overlords and Cosmic Mind of *Childhood's End,* the city at the end of time in *The City and the Stars,* the awesome battle over the Moon in *Earthlight.* By contrast, nothing much seems to happen in *Imperial Earth,* and a superficial reading might suggest Clarke has run out of inspiration or, at least, creative energy.

Nothing could be further from the truth. A man who can fight his way back to health after being almost totally paralyzed in a skin diving accident doesn't lack for energy. And neither does *Imperial Earth,* which quietly draws us into a subtle web of imagination that is ultimately more satisfying than a number of more spectacular works.

Imperial Earth is a reverse odyssey. We are used to stories in which Earthmen visit strange worlds, marveling at and often misunderstanding what they see there. But here, Earth itself is the "strange" world—to us as well as Duncan, althought not always for the same reasons.

What could be more "natural" to Duncan than a world where the temperature on a "warm" day is 50 degrees below zero, where there are glaciers of ammonia, volcanoes erupt molten water, and catastrophic methane monsoons must be watched for when the temperature rises? Where trees exist only in indoor gardens, and there are no native life forms—although "waxworms" give a good imitation? And what could be more *unnatural* than a world where there are trees by the millions, where it is not instant death to venture outdoors without a space suit, where water comes in *oceans* and people take for granted luxuries that would be unthinkable on a pioneer world like *Titan*?

What is "ordinary" in the novel is what seems ordinary *to Duncan.* Many of the things we would marvel at—his own homeworld, the workings of the asymptotic drive that threatens the basis of its economy—he takes for granted. But things we would find familiar can be completely baffling to him. Clarke, in effect, is giving us a view of Earth through alien eyes. Not in the obvious, moralistic sense of a Swift or a Voltaire, although there *is* satire in *Imperial Earth,* but in the realistic sense as seen by a protagonist whose formative experiences are not our own. Here, the "wondrous" becomes commonplace and the "commonplace" wondrous.

Nor has Clarke the philosopher left us. There are, indeed, portentous developments in *Imperial Earth,* but they are developed so casually that their significance creeps up on us unawares. Duncan does locate Calindy, and Karl—who has come to Earth himself on a mysterious errand—but there turns out to be far more at stake than a romantic triangle.

It wouldn't be fair to Clarke, or the reader, to give away the ending. But it should be noted that he introduces his evolutionary philosophy into his characterization even more subtly than with the hero of *Earthlight:* when Duncan arrives

home on Titan with an heir other than expected, consider *why* he has made that choice.

Imperial Earth is an immensely satisfying work, both in its details and in what sf critic Paul Walker calls Clarke's "esthetic of science"—an esthetic with values seemingly at odds with those of "art" as understood by mainstream writers and critics, but one no less fascinating.

In some ways, Clarke's latest novel is better than *Rendezvous with Rama,* which won a Hugo two years ago. In that work, he tried to take a standard sf theme —the interstellar ark of Heinlein's "Universe" and other familiar works—and tell it in a new way. *Imperial Earth,* if less spectacular, is more original and may well outlast the earlier novel.

Even for the short run, however, we couldn't ask for a better bicentennial present. ◻

John J. Pierce

John J. Pierce's science fiction column alternates monthly in REASON with Davis Keeler's Money column.

publisher's notes

• **CHANGE OF NAME:** We were dismayed, intrigued and heartened by several recent developments involving the use of names and labels. The worst news came from Albania, where the government ordered all Albanian citizens who have "inappropriate names" to change them to conform to the nation's "political, ideological and moral standards." The largest segment of the population was Moslem before the Communist takeover in 1945, and most Albanian names are Islamic-sounding, although there are non-Albanian minorities in the country and many Albanians have Western-sounding names. Commenting on the decree, an Albanian official observed, "We have so many nice Albanian names such as Alban, Ilyr or Mimosa." The name changes were ordered at the same time the country changed its official name from People's Republic of Albania to People's Socialist Republic of Albania. (Had we been consulted, we would've voted for None of the Above.)

Closer to home, a Superior Court judge in Connecticut ruled that a former Connecticut resident who became a Moslem and moved to the Middle East could not obtain a legal change of his name from Bruce Alexander Brast to Abdullah Al-Badri Ben Alexander Brast. The judge stated that citizens should not have too many names or initials because "today's living . . . demands a name which conveniently may be used on standard forms and records . . . to avoid burdening governmental protection, regulating and welfare agencies."

More enlightened was the decision of the California Court of Appeal which held that a trial judge was wrong to refuse to consider a woman's petition for a dissolution of marriage simply because the petition was filed in the wife's maiden name, rather than the surname of her husband. The court held that the statutory change of name procedure did "not supplant the common law rule that a person may, without formal action, adopt any name he or she chooses so long as the name is not: adopted to defraud or intentionally confuse." (Are you listening, Mr. A.A.B.A. Brast?)

Also of interest is a holding of a federal judge in Washington, D.C. that the FBI does not have an exclusive right in the use of those three letters of the alphabet. The court ruled that a French clothing firm—Fabrication Brill International—may label its products in U.S. markets as being made by FBI, despite the FBI's objection that the use of the letters might lead customers to believe the goods had the endorsement of the bureau and that the use of the letters without the agency's approval was a criminal offense. Given the recent exposure of many nefarious activities involving the FBI, who would be surprised if the bureau wanted to change its name? But we found somewhat unconvincing the FBI's argument that the use of the letters by the French firm might "harass and force force the bureau into ceasing its own use of the initials."

• **MORE ON NAMES:** Before leaving the topic of names, we'd like to mention that Democratic presidential hopeful Morris Udall has recently stopped calling himself a "liberal." Said Udall, "When a word takes on connotations you don't like, it's time to change the label." Udall indicated he still thinks of himself as a liberal, but prefers the label "progressive," because the word " 'liberal' is associated with abortion, drugs, busing and big-spending wasteful government."

Not to be outdone, unrepentant Hubert Horatio Humphrey boasted to an assemblage of liberals in New York City in March, "I am not ashamed to tell you I am a New Dealer." Humphrey attacked other candidates "who are running against Washington" by contending "the 'less government' theme is just a code word for neglect, a code word for ignoring our cities. . . . Neglect of our cities is a new form of racism." Come now, Hubert, isn't it asinine to equate "neglect" with "racism"? On the contrary, if members of minority groups really understood how they are viciously ripped off by New Deal policies and "liberal"/"progressive"-style taxation, they'd surely like to get some of that "neglect" thrown their way. ◻

Albanians ordered to change their names

FRONTLINES

MAKING THE ESTABLISHMENT

Two years ago, libertarian political activist **Sandy Cohen** thrust himself upon the political scene in Poughkeepsie, NY, with a giant-size billboard and pin-up size flyers picturing himself in the nude, with the slogan: "He Has Nothing to Hide—Cohen for Congress." The political and social establishment in the area rose up in wrath and began to cause the small libertarian campaign a number of problems. Among other anti-libertarian things, the city found that the giant-size billboard violated zoning ordinances. The controversy was worth a lot of publicity, but only a few votes. The showing was better than the average libertarian political campaign, but the establishment kept solid control of the reins of power.

Sandy Cohen, however, has made the respectable ranks of the establishment at last. The Mayor of Poughkeepsie recently named him to a spot on the city's blue-ribbon drug policy committee. The newspaper headlines screamed: "Advocate of Drug Legalization Named to City Narcotics Council." It seems that the good Mayor was not aware of Cohen's laissez-faire views. The *Poughkeepsie Journal* quoted him as saying, "My heaven. I wasn't aware of his position." It was speculated in the press that the Mayor would immediately rescind the appointment, but the following day the headlines announced that the Mayor intended to keep Cohen on the city drug council.

One week later, however, Cohen voluntarily submitted his resignation because several anonymous phone calls threatening the life of the Mayor were received by the Mayor's wife. Nobody knows whether the phone calls came from the Mafia, which profits from the fact that drugs are illegal, or from some crazy social conservative. The Mayor expressed his appreciation of Cohen's action and offered to appoint him to some other citizens' commission.

These events are more than just amusing news items. Here is an excellent illustration of what sorts of things libertarian political activity can yield. Why was Cohen appointed? Since the Mayor was not even aware of Cohen's point of view—even though the adverse publicity two years ago should have tipped him off—we are led to the conclusion that the Mayor was simply following his political nose. Sandy Cohen, Carol Cohen, and Ellen Davis (not to mention the other libertarian activists in the area, such as Guy Riggs) have shown that they have a following among the population. The Mayor wants to curry some favor with their followers. This is typically done with little honorific favors.

Sandy Cohen

Are little honorific favors of value to the libertarian movement? Among other things, spokesmen for political and social issues will not find themselves quoted or attended in the absence of this sort of credential. It is like a feather in an Indian chief's war bonnet. The tribe pays the most attention to the opinions of the chief with the most feathers, and the other tribes immediately recognize the collection of feathers as symbolizing authority and leadership. We do subscribe to one small conspiracy theory, namely that "respectable" people agree among themselves to exclude "kooks" from public forums, responsible positions, and other areas where public policy is formulated. This process, of course, begs the question as to "kooky" -vs- "respectable." Worse yet, the criterion is one based on attitudes, not ideas. For many years now, the idea of complete laissez faire capitalism has been regarded as "kooky." With continuing exploitation of the political process, as Sandy Cohen has done, and the slow but steady collection of little honorific favors, the libertarian minority can regain a powerful and influential position in American public policy discussions.

BROADCASTING THE WORD

In Eugene, Oregon, libertarian commentator **Ernie Ross** has a regular daily spot on radio station KUGN, 590 on the AM dial. Ross is one of several commentators on local, state, and national issues and KUGN has probably the best coverage of any station in Oregon, reaching 200,000 to 365,000 people daily. The commentaries are hard core. On Feb. 10, for example, the good citizens of Oregon were treated to one which began, "I'm often asked about my position against forced confiscation of wealth—i.e., taxes. Taxes are just one instance of government oppression—immoral, a violation of individual rights and practically unnecessary." There is no danger that Ernie Ross will be mistaken for a conservative.

Although for several years now, radio and television stations have been sensitive to the issue of "balance" in programming, especially news and issue-oriented broadcasting, it is a fairly new development for libertarian analysis and values to be presented in the media. The typical dichotomy ("both" sides, you see) is between liberals and conservatives. It has not escaped notice, however, that the conventional split is inadequate. Remember when the CBS show "60 Minutes" used to have a regular debate between Nicholas von Hoffman and James Jackson Kilpatrick? Perhaps each persuaded the other, now that both Von Hoffman and Kilpatrick have each moved sharply in a libertarian direction. Those who recognize the existence of a contrast of values, as opposed to simply a clash of interests, are more and more coming to identify the libertarian perspective as one of the polar positions (the other being a variant of statism). The **Ernie Ross Comment** is available by subscription for $10.00 per year, from him c/o **KUGN, Box 59, Eugene, OR 97401.**

PROGRESS AND CONGRESS

In Washington, DC, there must be several thousand lobby groups for almost any vested interest you can imagine. The usual split, again, is between liberal and conservative sides of issues. Frequently the liberal side is represented by organized labor and the conservative side is represented by several employers' groups. The hard core libertarian perspective is usually not represented, although sometimes the liberals make good points and sometimes the conservatives do. We are now beginning to see the formation of strictly libertarian organizations. **Alan Bock** and **Wainwright Dawson** have set up the **Libertarian Advocate, 1224 National Press Bldg., Washington, DC 20045,** for the purpose

of initiating and developing libertarian legislative programs and lobbying against the growth of statism. Bock has already made the *Wall Street Journal* a few times with his testimony before Congressional committees. During the hearings on increasing the ceiling on the national debt, Bock proposed to the committee that the charade of "temporarily" increasing the debt every six months or so be ended. He suggested that we might simply repudiate the national debt and tell the Treasury to print money instead of bonds. The Congressmen were not amused, but the *Wall Street Journal* reporter liked the idea.

Current efforts are directed at the proposed new Federal Criminal Code, S.1, which is supported by law and order conservatives and opposed by the American Civil Liberties Union and other liberal groups. Libertarian Advocate is actively working against this rather statist bill.

The Libertarian Advocate is in a position to propose and support issues which groups such as the Libertarian Party cannot. There is an important division of labor between candidate and campaign oriented groups, which optimally should be localized around the country, and lobbying groups in the capital which necessarily work with the winners of the electoral process. The joint effect of the two different types of organizations is more successful than the work of either alone. We will keep our eye on this for future columns. ◻

Joe Cobb

This column is concerned with an analysis of the activities on the "frontlines" of the battle of political principles, and with the people who are active in the struggle. Please send news and ideas to Joe Cobb, Box 1776, Chicago, IL 60690 for consideration and use in FRONTLINES

BOOKS

(continued from page 37)

most famous woman athlete in history. The whole intriguing story is in her book:

- *Billy Jean the tomboy:* "I was wearing a blouse and a nice pair of tennis shorts mom had made for me. Neat, but Perry Jones had this rule: Little boys wore shirts and little girls wore dresses, and that was that."

- *Billie Jean on marriage:* "I like being a career woman and I love being an athlete. . . . There's simply less and less reason for any woman to tie herself down with marriage and kids if she doesn't want to. . . ."

- *Billie Jean on winning and losing:* "Victory is fleeting, but losing is forever, and that makes all the difference. Defeat is something I just can't seem to get rid of. It never leaves my insides."

If you're a tennis buff, you'll probably enjoy the fascinating vignettes of Rosie Casals, Ilie Nastase, Virginia Wade, Nancy Gunther Richey, Rod Laver, Arthur Ashe, Maria Bueno, Maureen Connolly, Margaret Smith Court, Chris Evert, Evonne Goolagong, Lew Hoad, Ken Rosewall—and a host of other top tennis players.

And you'll probably enjoy the story of Billie Jean's rise to the top of the tennis world; her fights with the USLTA; her struggles to make the Virginia Slims circuit pay out; Wimbledon; Forest Hills; Bobby Riggs, and quite a few more.

One of the photographs in the book shows Billie Jean just after winning her third United States Open at Forest Hills. In the photograph she's holding an enormous trophy aloft and, ever so casually, sticking out her tongue. That photo—typifying her excellence and her independence—tells you what Billie Jean is all about. ◻

O. Rosner is a long-time REASON reader who likes to walk, read, and watch ballet.

rudebarbs

RANDALL K HYLKEMA

OUR ULTIMATE AUTHORITY RESTS ON FORCE AND FEAR!
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1040 OR FIGHT!
BENEDICT ARNOLD CLAIMED HIS GUPPY AS A DEPENDENT!
I THOUGHT THE REVOLUTION WAS A TAX REBELLION...
SHHHHH!!! YOU WANNA GET AUDITED?

LETTERS

REVISIONISM FEEDBACK

Thank you for your special edition on revisionism [February]. The general Marxist attitude equates revisionism with heresy while in some European and American historical writings a rather infantile or odd series of theses have arisen out of the desire to "revise" traditional accounts of events, often for the sake of revision itself. Your selections, however, were refreshing as they focused on the need for in-depth inquiry, the connective with the past and a gentle reviewing or revising data without distortion, i.e., exploding a myth but not creating a new one.

James J. Martin's thorough account of "The Framing of Tokyo Rose" is revisionism at its best, in my opinion. The *Wall Street Journal's* editorialist, Edwin McDowell, commented on February 6, 1976, that Iva Toguri ". . . was not a turncoat but a scapegoat—a victim of post-war hysteria who in this Bicentennial year deserves a pardon. Moreover, a lengthy review of her case strongly suggests that Mrs. Toguri D'Aquino's defenders may well be right."

The Japanese American Citizens League has recently issued a booklet called "The Case of Tokyo Rose," and readers of REASON are encouraged to write the National Committee for Iva Toguri, Japanese American Citizens League, 1765 Sutter Street, San Francisco, 94115, for a free copy. In essence, the committee notes the dilemma of an American citizen who was considered an enemy alien in Japan and a disloyal citizen in the United States.

Robert Akers Martin
Calif. State University
Los Angeles

CONGRATULATIONS

For the first time in your publishing history you produced a product which kept me all night reading cover-to-cover. I refer to your Revisionist issue of February 1976. Though all except Martin's new breakthrough has been said elsewhere before, I especially liked the way you integrated the issue, something previously tried only in *NLN*, to my knowledge. Furthermore, Gary North's mention of LeFevre's *Rampart Journal* (as an excellent example)—which began the idea of a special "Revisionist Issue" and where *I got the idea—corrects what I have long* criticized as your worst weakness: a lack of Movement consciousness and what has been called in your magazine, I believe, a "Columbus complex."

Such improvement deserves recognition from your publishing peers. And as such a colleague, perhaps you will allow me a quick "independent audit" of your Reader Survey results printed in this issue. Three of the figures are highly misleading (perhaps more) to the casual reader. Your classifieds have long been a favorite of those who had felt your dry presentation needed leavening, something Rollins and others may be accomplishing. Methinks many felt embarrassed to mention the kick they got out of your hilarious personals which are usually satirized: "Well Hung Objectivist in Podunk looking for Dagny of his dreams. . ." Second, the relatively low rating for John J. Pierce's superb SF column may reflect the vituperative campaign against this high conceptual art form by Dr. Rothbard and Jim Davidson, combined with the high mean age of your readers, raised in an era notably bigoted against that "Buck Rogers" stuff. Rather than cut back on this excellent feature, may I suggest you alternate John's column with a more fannish writer (one with more flair and style, to complement John's erudition), such as Richard Geis. With two coordinates, you might at least get a projection of this multi-dimensional field. Also, you might temper this poll result with the realization that "fan" came from "fanatic," and SF (*never* Sci-Fi) fans are indeed fervent and should weight the results accordingly. Third, and perhaps less important, I feel the "Viewpoint" has been highly variable with three rotating writers, and I feel you should have taken the chance of "hurt feelings" and separated them for a more useful market survey.

Alas, you did not ask about the reader's reaction to that godawful "ragged right" margin on many of your columns; perhaps they would not have been able to articulate their unease in any case so let me, as a part-time typesetter, act as their ombudsman. It is *not* "warmer and more personal," it is pretentious and arty. However, don't fire your graphics department yet; it is easily correctible and the rest of the layout is superb.

Alas, the only nice thing I can say about your new "Frontlines" is that perhaps you expected better from an old Movement hand such as Joe Cobb. His pathetic belief that the "Frontlines" of the Movement lie with pro-LP, uncritical, campaign puffery simply fails to square with the judgment of the keen, analytic mind possessed by the editor of the *New Individualist Review* of the 1960's.

But then if REASON had up-to-the-minute coverage of all the multi-faceted activities of this wonderfully pluralistic movement of ours, where would *my* market be?

I hope you maintain the gains you made with this issue and even surpass them. You may yet deserve your logo.

Samuel Edward Konkin III
Editor, New Libertarian Weekly

DEFINING IMPERIALISM

As one of the "libertarian revisionist historians," I should like to respond to the February "Viewpoint" column of Tibor R. Machan.

That the American record on imperialism may be *relatively* better than that of some nations, over the long haul, is really not the issue. The aggressions of the Nazis and the Soviets, as well as the internal terror, is well documented. I should imagine, however, that libertarians would find no state, including our own, as the "embodiment of virtue," or see any of them as "worthy of emulation" in our actions as individuals.

Except for the efforts of revisionist historians, led years ago by some men of the Old Right, the growth of an American empire has received little attention from historians. Thus a number of Americans believe this nation has not engaged in imperialist actions, instead of recognizing that we are dealing with a question of relative imperialisms. Finally, it is a sobering fact that since World War Two the image of the United States as an anti-imperialist nation has faded among a large portion of the world's peoples.

The real question for the revisionist historian, as an informed American, is what ought he to do about this organic growth of an American empire?

Our leaders have told us to keep silent about the growth of an American empire—never mind about ethics, or earlier critics of an American empire such as J. Q. Adams and Carl Schurz—we must present a united front against Communism. Well, that posture is deeply corrupting, and it has even grown to be a bit

stale, much like the little boy who kept crying "wolf!" In the wake of their blunder in Vietnam, American policy makers have sought to blame everyone but themselves for the bitter sense of disillusionment that has set in among many Americans.

This leads to another comment of Machan's, that he has "never found a careful, well defended definition" of imperialism in the revisionist literature. I would agree that it is a difficult term with which to deal. Parker T. Moon's study, cited in the essay by Alan Fairgate, mentions, as I recall, many different definitions of the term, and Richard Koebner, who wrote an entire volume on the word, exclaimed "Imperialism is no term for scholars!" But we cannot dismiss such an important phenomenon as imperialism simply because it is complex; for that is all the more reason to attempt to clarify it.

It may be that Machan did not consider it "careful," or "well defended," but I did offer an historical definition of the way in which Americans of the 1890's differentiated between expansionism and imperialism. The broadest agreement in the protest against empire was a definition of imperialism as synonymous with colonialism; that the policy of the administration was employing force in an aggressive effort to deprive the Filipinos of the right of self-determination. Without exploring the other, more complex examples of possible imperialism such as in the little story recounted by Machan, it is sufficient to say that if Americans can no longer recognize that extreme form of interventionism into the affairs of other peoples as a case of imperialism, then the American Revolution has little relevance for Americans as we approach the bicentennial of that event.

There is not space to comment in detail upon Machan's example as demonstrating "at least some cases of imperialism," except to say that it is shot through with statist interventionism of one sort or another. It is true that "Some libertarian revisionists . . . think . . . [one aspect of] imperialism is explainable by reference to American economic interests," but to say that is not to "hold that imperialism came about because our businessm[e]n wanted to make a buck."

My own interpretation of the adventure in the Philippines stressed the role of policy makers and the statist bureaucracy. I would agree with Benjamin Cohen's *The Question of Imperialism* that such groups often invoke an economic rhetoric precisely because they appreciate that most people understand that profits can be made even without such interventionism, and are unwilling to die for the benefit of the politicians. Some of the theories of imperialism mentioned by Alan Fairgate, especially that of Schumpeter, do stress the role of less-efficient, or state involved, social and economic interests which may promote imperialism in an effort to retain some of the power they are losing because of the expansion of the market.

William Marina
Menlo Park, CA

QUESTIONING REVISIONISM

I used to be more than a little skeptical of the rantings about U.S. Imperialism which ceaselessly echo throughout the deranged corridors of the Left, until I read your special issue on Revisionist History. By the time I reached the final Revisionist article I had been fully converted to the view that the United States is a bloodthirsty, ruthless exploiter of Third World innocents, exactly as I'd read in *Pravda* and in *The Village Voice,* except that I now knew that this imperialism occurs in spite of, not because of, America's capitalist economy. I then reached the editorial on page 54, which deplored the growing Third World demands for a redistribution of American wealth *as a matter of right,* and I asked myself, "What is wrong with that?" The previous fifty-three pages established beyond any doubt that the United States has throughout its history been such a menace to world peace, security, and economic development that it seemed to me the perennial have-nots were exercising the greatest restraint by demanding the immediate redistribution of a mere 0.7 percent of our bloated Imperialist GNP.

Tibor Machan's sober words on Revisionism (p. 56) should be carefully heeded by those libertarians who seem to have completely lost touch with the tragic global realities of our age. Re-write the history texts, to be sure, in those areas where revision is necessary, but let us resist the temptation to create a new Catechism of Revisionism which may well turn out to be even more absurd than that which presently passes for history. It would be a serious mistake to make radical pacifism part and parcel of the libertarian position (and it is for this reason that I am not supporting the MacBride candidacy). While I detest war as much as anyone, and agree with the Revisionists that U.S. participation in World War I was a tragic mistake, recent events in Southeast Asia and Angola clearly show that the long-term survival of human liberty cannot be secured by a libertarian-flavored version of isolationism which in reality is nothing more than McGovernism warmed over. Ayn Rand suffers from no illusions about the "peaceful" intentions of those who built the Berlin Wall and turned their military might against East Germany, Hungary, Czechoslovakia, Vietnam, Laos, Cambodia, South Korea, and now Angola. Have we forgotten that hatred of capitalism (read-individualism) was and remains the prime force behind this aggression? If resisting the gradual but systematic totalitarian enslavement of humanity constitutes "Imperialism," let us make the most of it. Harry Browne writes that he doesn't care what new restrictions the government imposes on all of us—he'll find some way around them. Let him tell that to the Peoples' Commisar appointed to purge the newly-created Socialist Republic of America of counter-revolutionary traitors and revisionists(!).

By all means let us read these revisionist books, for they may indeed contain many valuable new ideas. But let us also pay close attention to the works of another revisionist historian by the name of Solzhenitsyn, who has gained worldwide attention for his historical works which skillfully demolish many widely-accepted "truths." In these revisionist books (which are banned in all progressive Socialist countries), one finds that very little of the misery, murder, and exploitation which they depict can in any way be attributed to the sinister bogeyman of U.S. Imperialism.

Robert Sheaffer
Hyattsville, MD

THE SIX MILLION

To be relevant, historical research must be scholarly, in the sense of familiarity with the work of other historians and careful attention to the reliability of one's sources. Gary North betrays his attitude toward the requirements of scholarship on page 39 of the February issue, where he states that "the anonymous author of *The Myth of the Six Million* has presented a solid case against the Establishment's favorite horror story—the supposed moral justification of our entry into the War. . . . A recent and very inexpensive book in magazine form, *Did Six Million Really Die,* appeared in 1973, written by Richard Harwood. . ." Had North been familiar with current Revisionist scholarship, he would have known that the National Socialist genocide could not have been used as a moral justification of American policy at the time of our entry into the war, for the simple reason that it had not yet begun. Raul Hilberg, in *The Destruction of the European Jews* (New Viewpoints, 1973) has shown that the Nazis initially intended to expel the Jews from Europe, and did not change their policy to genocide until 1942, after the entry of the U.S. and the USSR into the war eliminated the possibility of mass emigration. Elsewhere (Reed, *Libertarian Review,* in press) I discuss the evidence for

REASON'S COMMENT OF THE MONTH

The letter below, by subscriber William R. Havender, appeared in the January 1976 issue of *Commentary*:

RESPONSIBILITY FOR POVERTY

In "Egalitarianism & International Politics," Robert W. Tucker . . . skirts rather uncharacteristically around the central issue, namely, who or what actually bears responsibility for the enduring poverty of many underdeveloped countries? There are simply too many instances of rapidly developing colonies, both present and former—Malaysia, Singapore, Hong Kong, Brazil, Indonesia, even Israel—to posit a history of colonialism or exploitation as a sufficient or general explanation of current economic stagnation. A careful examination of this matter would show, as P.T. Bauer has extensively documented, that the key determinant of development or its lack is the type of economic management policies presently being pursued in these countries by their own governments, policies that in the economically torpid countries share one or more of the following characteristics: oppressive taxation, restrictive licensing, grave and incalculable risk of nationalization, antagonism to profits, and prejudice against economically successful minorities. Given conditions like these that are distinctly hostile to productive commercial activity by domestic as well as foreign entrepreneurs, it is no wonder that sustained improvement in living standards cannot take place. It is the accurate perception that resources transferred into such a climate would inevitably be wasted that explains why they are not already freely flowing into these countries.

It is pertinent to ask why *these governments persist in such policies in the face not only of their clearly manifest, abiding failure, but also in view of the fact that advice on the sorts of change needed is plentifully available from economists and the international business community. A clue may be found in Mr. Tucker's astute observation that the beneficiaries of the "new egalitarianism" are not the citizenry as a whole but states— in other words, that elite within each country which runs and/or benefits from the state apparatus. What all of the economically sterile expedients listed above have in common is that ultimate control over business decisions is exercised by government officials, who thereby enjoy new opportunities, not merely for enhanced status but for enhanced bribe-taking as well. It follows that reducing the scope of such governmental hindrances, however economically sensible, would clearly be against the class interest of this elite. This no doubt accounts for the elite's tenacious pursuit of what are in fact growth-retarding measures. . . .*

From this perspective, the main function of the "transfer of wealth" sought by the "new egalitarianism" is easily seen to be to benefit . . . the members of this class (what Mr. Tucker calls the state), both directly in that they are the ones who would first receive the wealth and determine how it was spent, thereby strengthening their political domination, and indirectly, in that the grinding poverty and consequent discontent which their economic management left to itself would produce would be—briefly—palliated. . . . Thus, what at first glance seems a quite paradoxical situation—namely, that war and its threat can be realistically, even blithely, contemplated as an acceptable means of gaining material assets for an underdeveloped nation, while a mere releasing . . . of the productive energies already inherent in its own citizens . . . cannot, it seems, be so contemplated—is quite logically explained by the analysis of vested interests here offered; it is simply the inevitable, appalling consequence of the puerile attempts of this unarguably exploitative class to maintain itself in power.

William R. Havender
Berkely, CA

REASON *subscribers are encouraged to write letters to* **the editor of their favorite newspaper, magazine, or journal, and to submit replies to TV and radio editorials, presenting libertarian views on topics of current interest. Each month REASON selects the most notable published letters or broadcasted replies to Reason Comment of the Month, Box 6151, Santa Barbara, CA 93111.**

the hypothesis that the Allied governments deliberately encouraged and exacerbated the Nazi genocide, in order to manufacture an ideological justification for post-war imperialism. It is shocking to see a writer in REASON ignore Hilberg's exemplary work while referring to an anonymous pamphlet's "solid case." Since Harwood's book is essentially a re-statement of the earlier pamphlet, I will refer to Harwood's slightly more accurate arithmetic from this point on.

Harwood begins his argument by establishing 6,500,000 as the number of Jews living in pre-war Europe. This number was assembled by the staff of *Chambers Encyclopedia* from census records of the number of persons identifying themselves as Jewish, plus membership figures of Jewish congregations in countries which did not conduct an official religious census. Harwood then subtracts from this number an estimate of deaths from natural causes, the number of survivors *in previously occupied Europe after the* war, and estimates of the number of those who managed to escape to various unoccupied countries. The latter include 1,550,000 Western-European Jews who escaped into the Soviet Union, and 2,000,000 Jews from western USSR supposedly evacuated into the unoccupied interior of Russia. The subtraction leaves a remainder of 300,000. This, according to Harwood, is the total number of murdered victims.

There are three holes in Harwood's "solid" argument. First, the Nazis classified people as "Jews" on the basis of ancestry rather than religion. Many of the victims were children and grandchildren of converts to Christianity, or atheists; people who would have never thought of identifying themselves as Jewish on census forms, much less belonging to a Jewish congregation. The Nazis even discovered that many prominent Polish antisemites, including the notorious Colonel Jozef Szerynski, were of Jewish origin, and incarcerated them in Ghettos together with other "Jews." The actual number of *people classified as "Jews" in occupied* Europe was about 8,861,800 (Dawidowicz, *The War Against the Jews;* Holt,

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Rinehart, and Winston; 1975, p. 403). Secondly, almost all the Western- and Central-European Jews who escaped to the Soviet Union were rounded up in 1940 and deported to Nazi-occupied territory. Their inclusion in the "escaped" column is difficult to reconcile with Harwood's later reference to Margarete Buber's *Under Two Dictators,* which related the deportations. (In her account of her own deportation, directly to Ravensbruck, Buber writes that the Nazi camps were less harsh than the Russian ones.) Finally, the mass evacuation of two million Jews into the interior of Russia was invented by Stalin's propaganda apparatus, as a means of influencing Jewish opinion abroad in favor of Russian relief. It is common knowledge throughout Eastern Europe that no such evacuation ever took place. Some Jewish communists were evacuated together with other party members, but most ordinary Jews were left behind, to be murdered at Babi Yar and similar places. To protect his propaganda line, Stalin forbade all mention of Babi Yar, a prohibition that remained in force until after his death. Harwood's "authority" for the evacuation story consists of two propaganda handouts, one from Moscow in 1943, the other in 1946 from Stalin's "American Jewish Council for Russian Relief." With the usual assumption of 10 percent party membership, the number of evacuated Jews was probably closer to 200,000 than 2,000,000. In sum, Harwood underestimates the number of "Jews" in Europe by about 2,300,000; and overestimates the number of escapees by about 3,300,000. When these corrections are added to Harwood's remainder of 300,000 the result is 5,900,000—very close to the estimates of other historians.

If *The Myth of the Six Million* is "solid," it is only in comparison to Rassinier, also cited by North. Rassinier habitually invents "evidence" when he cannot find it, often crediting it to reputable historians in the hope that the reader won't check the "source." Harwood quotes Rassinier's "quote" from Raul Hilberg, to the effect that the total number of Jews murdered by the Nazis was 896,892. In fact, no such figure appears anywhere in Hilberg's work; in fact, Hilberg writes (op. cit. p. 639) that the Nazis killed at least five million Jews—a figure arrived at solely from German sources. The appearance of North's statements in REASON is disturbing not only as evidence of inexcusably poor scholarship, but also because it tends to obscure a fact of crucial importance to individual Libertarians today. Every consistently statist regime must try to eliminate inconvenient people—by exile or imprisonment if possible, by murder otherwise. History is ignored, or distorted, at one's own peril.

Dr. Adam V. Reed
Mathematical Psychology Laboratory
Rockefeller University

DR. NORTH REPLIES:

Dr. Reed is quite correct when he states that the genocide itself was not used to defend our entry into the war *at the time we entered;* it has been so used since 1942. Persecution of Jews by the Nazis was one justification used in the pre-war years. No one denies the existence of such persecution; the question remains, however, as to whether such persecution did, in fact, justify our entry into the war, or whether genocide would have justified it.

The second point, that about 6 million Jews really did die in the concentration camps, is one that will be open until the records of the period become fully available. I am not convinced yet, one way or the other. I am happy to have Dr. Reed's interpretation of the data, but until the publishing companies and academic guild encourage the re-examination of the data, I shall continue to recommend that those interested in revisionist questions read *The Myth of the Six Million* and *Did Six Million Really Die?* as reasonable (though not necessarily irrefutable) pieces of historical revisionism. If a person can't make up his mind, he should do some more reading.—G.N.

ILLEGAL ACTS

The intense, convoluted arguments which surround the whole MacBride/Trotter/Vernon brouhaha ignore a fundamental fact of the nature of libertarians. Mr. MacBride, apparently, objects to illegal acts, not *per se,* but because they will give the media an excuse to turn his campaign into a one issue campaign.

Bah, humbug. I don't know about you, but I'm *proud* of my illegal acts, and will defend them publicly. Find me a libertarian who doesn't have some illegal acts in his background, and I'll show you a moral marshmallow. No, you don't have to commit illegal acts to be a libertarian, but you can't be a libertarian for long without doing something illegal. It's not in the nature of libertarianism; it's in the nature of the legal structure of this government. Is there *nothing* in Roger MacBride's background which, if publicized, would have the same effect that he thinks a record of gold smuggling would have? Mr. Bergland?

Furthermore, I suspect that MacBride's efforts to avoid a one-issue campaign have flopped miserably.

Charley Curley
Los Angeles, CA

SKINNER

B. F. Skinner's real problem is that he wants to remake man in his own image.

Tom Booz
Plantation, FL

Letters from readers are welcome. Each receives editorial consideration, although only a selection can be published and none individually acknowledged. They should be kept as brief as possible and are subject to condensation. Letters submitted for publication in this column should be typed, double-spaced. Send letters to REASON, P.O. Box 6151, Santa Barbara, CA 93111.

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(continued on page 50)

THERE'S MORE TO FREEDOM THAN SLOGANS

Everybody claims to be in favor of "freedom." Yet how many people really understand what it's all about? Consider the businessman who's all for free competition . . . unless his competition is named IBM or is Japanese. Or the mayor who wants plentiful transportation . . . but outlaws jitneys. Or the military leader who wants to defend freedom . . . using conscripted labor. Or the citizen who's all for free speech and press . . . so long as the material isn't "obscene." Each wants freedom for the things he considers important, but at the expense of somebody else's freedom.

At REASON Magazine, we believe in freedom for *everyone.* With Herbert Spencer and John Stuart Mill, we believe a person should be free to take any action, so long as it does not interfere with the liberty of anyone else. We call this point of view *libertarianism.* It is unabashedly individualistic, capitalistic, and (we think) reasonable. Moreover, this voluntaristic, free market approach points the way toward solutions to many of the problems created by the unbridled growth of Big Brother statism — like war, taxation, the energy crisis, and inflation.

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(continued from page 48)

FREE CONSPIRACY RESEARCH Catalog. *Tragedy and Hope* by Quigley—now only $25.00; *Philip Dru: Administrator* by Col. House—$9.00; *The Intimate Papers of Col. House* by Seymour (2 vol.)—$15.00; *The Occult Technology of Power*—$2.00. *The Rockefeller File* by Gary Allen—$1.95. Alpine Enterprises, Box 766-L, Dearborn, MI 48121.

SELLING USED HARDCOVER books of libertarian interest. Subjects include Atheism, Anarchism, Revisionism, Mencken, Spencer, Nock. Free list. Books from Bill, 251 Baldwin Ave., Meriden, CT 06450.

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EMPLOYMENT

EXPERIENCED INDIVIDUAL seeks employment in computer programming and/or statistical data analysis. Resume and references available upon request. Available August 1976. Jim Crowe, Box 3663, Miss. State, MS 39762.

LIBERTARIAN FEMALE, 23, desires position in Washington D.C. area. Academic background: business, philosophy. Experienced teacher (high school) proofreader, bookkeeper, editor. Desires work in research, editing, proofreading. Type 60 wpm. Will consider any good offer. Mature, intelligent, attractive. Box S8, REASON.

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YOUNG COUPLE wants co-wife to share warm family life. Someone to love and be loved and capable of deep commitment. Companionship, love, understanding, family and understanding of economic realities are what we offer. We are working toward a self-sufficiency capability. Box R9, REASON.

OBJECTIVIST-LIBERTARIAN MAN in Raleigh, N.C., single and 26, would like to meet and/or correspond with individuals, especially young single women, with similar values. Box T7, REASON.

EVENINGS FOR SINGLES at the Biocentric Institute, sponsored by Nathaniel Branden. Lecture, discussion groups, socializing, 8 pm to Midnight every third Saturday. Information (213) 693-5427, John White.

VALUABLE LIFE EXTENSION DATA OFFER: Interested in non-faddist scientific/technical progress in life extension? Annotated bibliography of references from primary scientific literature, $1 postpaid. Moneyback guarantee. Dawn Enterprises, Box 90913-R8, Los Angeles, CA 90009.

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PUBLICATIONS

CANADA'S BI-MONTHLY MAGAZINE, Libertarian OPTION: a movement magazine concerned with libertarianism's internal debates and the growth of its philosophy by those working within the movement. Current issues (January, March, May) include Paul Beaird's 3-instalment article, "On Proper Government: An Open Reply to Roy Childs, Jr." $6.00/6. Single issues: $1.00 (includes postage & handling). Box 5159, Station "A", Toronto, Canada M5W1N5.

COGITATIONS: current issues: Glasserian psychotherapy, Transactional Analysis, Piagetian thinking-development growth stages, developmental studies of moral growth, mortality, in-depth discussion of the role of principles, evaluations, emotions and feelings in the well-lived, happy life, continuing in-depth review and analysis of books considered especially relevant to personal growth and happiness, viewpoints and columns covering the political-science aspects of Libertarianism, letters to the editor, etc.: $5 (1 yr.—11 issues), P.O. Box 172, Pelham, NH 03076.

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WE HAVE COME TO TAKE YOUR GUN
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7
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8

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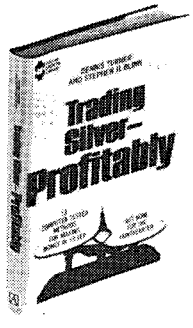
13 BRAND NEW, COMPUTER-TESTED METHODS FOR MAKING MONEY IN SILVER.

BUT NONE FOR THE FAINTHEARTED.

In a typical week, the silver traded on the world's marts approximates the annual world production. Once, at New York's Commodity Exchange, three times the annual U.S. production of silver (half the world's production) changed hands in one day. What's going on here?

Dennis Turner, senior author of this book, knows as well as anyone what is going on—and what is likely to happen tomorrow. Mr. Turner began when he was pursuing graduate studies. He became a "computer freak," put in long hours at the campus computer center. The result? 13 *computer-tested* methods for making money in silver. And the lay investor does *not* need a computer to apply these methods to his investment program.



The Turner-Blinn System is pragmatic. They are *not* "silver bugs." They do *not* urge you to hoard the metal as the answer to all your problems, even in bad times. Indeed, they have sobering words about holding silver during a recession or depression.

Silver, the authors demonstrate, remains a commodity, despite its precious qualities. It is subject to the market factors that affect other commodities. You must know when to sell as well as when to buy. Turner and Blinn explore the mistakes amateurs (and even some pros) tend to make.

In introducing the reader to moving averages, the authors observe: "One is struck by the dearth of studies on the performance of moving averages. This book seeks to remedy that shortcoming so far as silver futures trading is concerned. Each method is comprehensively tested on 15 silver futures options. Trading methods with moving averages that fail are presented along with those that succeed. Each method is defined and easily computed. We attempt to explain why one method works and another doesn't."

Trading Silver—Profitably answers just about any question you might have: how silver futures are traded; what a trading method assumes; trading procedures and strategies—basic and sophisticated. And for those who aspire to become real pros, the authors explain the exotic world of moving averages, extreme price channels, closing price channels, price objectives, protective stops, and statistical tools.

How would you like to make profits like these? Here are the results of the authors' 13 best computer-tested methods for making money in silver:

METHOD	VARIATION	TOTAL PROFIT OVER 15 OPTIONS	AVERAGE PROFIT PER OPTION
CPC	9 day	$52,555	$3,503.70
MA	30 and 8 days	$46,230	$3,082.00
CPC	13 day	$42,977	$2,865.10
MA	25 and 8 days	$38,685	$2,579.00
CPC	17 day	$35,686	$2,379.10
CPC	21 day	$33,005	$2,204.30
MA	30 and 5 days	$32,700	$2,180.00
CPC	37 day	$32,335	$2,155.70
MA	40 and 5 days	$32,155	$2,143.70
MA	25 and 5 days	$27,990	$1,866.00
CPC	33 day	$26,705	$1,780.30
EPC	17 and 3 days	$26,160	$1,744.00
EPC	13 and 3 days	$23,142	$1,542.80

CPC = closing price channel MA = moving average
EPC = extreme price channel

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Glossary

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